COVER SHEET

0 6 9 0 3 9 2 7 4

S.E.C. Registration Number

TRANS-ASIA OIL AND ENERGY
DEVELOPMENT CORPORATION

(Company's Full Name)

Level 11, PHINMA Plaza,
39 Plaza Drive, Rockwell Center,
Makati City

(Business Address No. Street City/Town/Province)

Alan T. Ascalon

(Contact Person)

870-0100

(Company Telephone Number)

1 2 | 3 1

Month Day

(Fiscal Year)

SEC Form 20-IS

(Form Type)

Month Day

(Annual Meeting)

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

AND

INFORMATION STATEMENT
(SEC Form 20-IS)

Pursuant to Section 20 of the Securities Regulation Code

Annual Meeting of Stockholders
2:00 P.M.
April 12, 2016
PENINSULA MANILA HOTEL
Ayala Avenue, Makati City

ORIGINAL COPY

TRANS-ASIA
OIL & ENERGY DEVELOPMENT
A PHINMA Company

JAN 27 2016

NOTICE OF ANNUAL SHAREHOLDERS MEETING

TO ALL SHAREHOLDERS:

Please be advised that the annual meeting of shareholders of TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION will be held on Tuesday, April 12, 2016, at 2:00 in the afternoon at the Manila Peninsula Hotel, Makati City.

The Agenda of the Meeting is as follows:

AGENDA

1. Call to Order
2. Proof of Notice and Determination of Quorum
3. Minutes of Previous Meeting
4. Annual Report of Management and Confirmation of all acts of the Board of Directors and of Management since the last Annual Shareholders Meeting
5. Election of Directors
6. Amendment of Articles of Incorporation and By-Laws to change the name of the Corporation to PHINMA ENERGY CORPORATION
7. Amendment of the By-Laws to state the precise address of the principal office of the Corporation
8. Amendment of the Articles of Incorporation to extend the corporate term
9. Appointment of External Auditors
10. Other Matters
11. Adjournment

For the explanation of each agenda item, please refer to the attached Annex "A".

The record date for the determination of the shareholders entitled to notice of said meeting and to vote thereat is at March 14, 2016.

JUAN J. DIAZ
Corporate Secretary

HELP EARTH

Annex "A"

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION

ANNUAL SHAREHOLDERS MEETING
12 April 2016, 2:00 p.m.

Explanation of Each Item on the Agenda
(As revised)

1. Call to Order

The Chairman, Mr. Oscar J. Hilado, will formally begin the annual meeting of the stockholders of Trans-Asia Oil and Energy Corporation (the "Corporation"). He will also state that stockholders will be given an opportunity to ask questions or raise their concerns regarding each item on the agenda.

2. Proof of Notice and Determination of Quorum

The Corporate Secretary, Atty. Juan J. Diaz, will certify the date when the notice of meeting and information statement were sent to the stockholders of record as of March 14, 2016 and to the Securities and Exchange Commission (SEC) and Philippine Stock Exchange (PSE).

Atty. Diaz will likewise certify as to the existence of quorum. Considering that the agenda for this meeting includes the amendments of the Articles of Incorporation and By-Laws, the owners of shares constituting at least two-thirds (2/3) of the outstanding capital stock of the Corporation, either in person or by proxy, shall constitute a quorum for the transaction of business at this meeting of the stockholders.

3. Minutes of Previous Meeting

Copies of the minutes of the Annual Shareholders Meeting held on April 7, 2015 will be distributed to the stockholders before the meeting and will be presented to the stockholders during the meeting for approval.

4. Annual Report of Management and Confirmation of all acts of the Board of Directors and of Management since the last Annual Shareholders Meeting

The annual report for the preceding fiscal year will be presented to the stockholders for approval. The acts of the Board of Directors and Management of the Corporation since the last Annual Shareholders Meeting will likewise be presented to the stockholders for confirmation.

5. Election of Directors

The members of the Board of Directors shall be elected by plurality vote. The Corporate Secretary will present the nominees qualified for election to the Board of Directors, including the independent directors. A brief description of the qualifications and business experience of the nominees for election to the Board of Directors will be included in the information statement.

Voting shall be by raising of hands or *viva voce*. In case of any objection to the manner of casting votes, voting shall be done in writing by secret ballot which shall be counted thereafter by the Corporate Secretary in the presence of SGV to be able to validate the counting.

6. Amendment of Articles of Incorporation and By-Laws to change the name of the Corporation to PHINMA Energy Corporation

The Board of Directors approved, subject to shareholders' approval, the amendment of Article First of the Articles of Incorporation and of the caption of the By-Laws to change the name of the Corporation to PHINMA Energy Corporation. The Chairman shall present the proposed new name for the consideration and approval of the stockholders.

7. Amendment of the By-Laws to state the precise address of the principal office of the Corporation

On July 3, 2015, the SEC approved, subject to shareholders' approval, the amendment of the Corporation's Articles of Incorporation in order to state the precise address of the principal office. In line with this, the Board of Directors approved the amendment of Article I of the By-Laws to state that the principal office of the Corporation is at Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City. The amendment shall be submitted for the consideration and approval of the stockholders.

8. Amendment of the Articles of Incorporation to extend the corporate term

The corporate term shall expire on September 8, 2019. In view thereof, the Board of Directors approved, subject to shareholders' approval, the amendment of Article Fourth of the Corporation's Articles of Incorporation to extend the corporate term for another fifty (50) years from and after September 8, 2019. The amendment shall be submitted for the consideration and approval of the stockholders.

9. Appointment of External Auditors

The stockholders will be asked to ratify the Audit Committee's and the Board of Directors' selection of external auditors for the current fiscal year. The Corporation's external auditor is SyCip Gorres Velayo & Co. and is expected to be nominated for reappointment for the current fiscal year.

10. Other Matters

The Chairman will open the floor for comments and questions by the stockholders. The Chairman will decide whether matters raised by the stockholders may be properly taken up in the meeting or in another proper forum.

11. Adjournment

The Chairman will adjourn the meeting when the scheduled order of business is completed and no further business or matter is considered or raised.

PROXY

The undersigned stockholder of **TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION** (the "Company") hereby appoints ____ or in his absence, the Chairman of the meeting, as *attorney* and *proxy*, with power of substitution, to present and vote all shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Shareholders Meeting of the Company on April 12, 2016 and at any of the adjournments thereof for the purpose of acting on the following matters:

1. Approval of the Minutes of the previous meeting
   ☐ Yes ☐ No ☐ Abstain

2. Approval of the Annual Report of Management
   ☐ Yes ☐ No ☐ Abstain

3. Confirmation of all acts of the Board of Directors and Management since the last Annual Shareholders Meeting
   ☐ Yes ☐ No ☐ Abstain

4. Election of Directors
   ☐ Vote for all nominees listed below:

   Oscar J. Hilado
   Ramon R. del Rosario, Jr.
   Francisco L. Viray
   Roberto M. Laviña
   Magdaleno B. Albarracin, Jr.
   Victor J. del Rosario
   Pythagoras L. Brion, Jr.
   Ricardo V. Camua (Independent)
   David L. Balangue (Independent)
   Guillermo D. Luchangco (Independent)
   Corazon Dela Paz Bernardo (Independent)

   ☐ Withhold authority for all nominees listed above
   ☐ Withhold authority to vote for the nominees listed below:
   ____
   ____

____
____
____
____
____
____
____

5. Amendment of the Articles of Incorporation and By-Laws to change the name of the Company to "PHINMA Energy Corporation"
   ☐ Yes ☐ No ☐ Abstain

6. Amendment of the By-Laws to state the precise address of the principal office of the Company
   ☐ Yes ☐ No ☐ Abstain

7. Amendment of the Articles of Incorporation to extend the corporate term
   ☐ Yes ☐ No ☐ Abstain

8. Appointment of Sycip Gorres Velayo & Co. as external auditors.
   ☐ Yes ☐ No ☐ Abstain

9. At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.
   ☐ Yes ☐ No ☐ Abstain

____
PRINTED NAME OF STOCKHOLDER

____ ______________________
SIGNATURE OF STOCKHOLDER/ AUTHORIZED SIGNATORY DATE

THIS PROXY SHOULD BE RECEIVED BY THE CORPORATE SECRETARY ON OR BEFORE **MARCH 31, 2016**, THE DEADLINE FOR SUBMISSION OF PROXIES.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER AS DIRECTED HEREIN BY THE STOCKHOLDER(S). IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION OF ALL NOMINEES AND FOR THE APPROVAL OF THE MATTERS STATED ABOVE AND FOR SUCH OTHER MATTERS AS MAY PROPERLY COME BEFORE THE MEETING IN THE MANNER DESCRIBED IN THE INFORMATION STATEMENT AND/OR AS RECOMMENDED BY MANAGEMENT OR THE BOARD OF DIRECTORS.

A STOCKHOLDER GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME BEFORE THE RIGHT GRANTED IS EXERCISED. A PROXY IS ALSO CONSIDERED REVOKED IF THE STOCKHOLDER ATTENDS THE MEETING IN PERSON AND EXPRESSED HIS INTENTION TO VOTE IN PERSON.

Securities and Exchange Commission

SEC Form 20-IS

Information Statement
Pursuant to Section 20 of the Securities Regulation Code

1. Check the appropriate box

    ________________ Preliminary Information Statement

    _______X________ Definitive Information Statement

2. Name of Registrant as specified in its charter:

    TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION

3. Country of Incorporation: **PHILIPPINES**

4. SEC Identification Number: **39274**

5. BIR Tax Identification Number **049-000-506-020**

6. Address of Principal Office **Level 11, PHINMA Plaza**
   39 Plaza Drive,
   Rockwell Center, Makati City 1200

7. Telephone Number **(632) 870-0100**

8. Date, time and place of the meeting of security holder:

    April 12, 2016
    2:00 PM
    Peninsula Manila Hotel
    Ayala Avenue, Makati City

9. Approximate date on which the Information Statement is first to be sent or given to security holders:

    March 16, 2016

10. Securities registered pursuant to Sections 8 & 12 of the Code or Sections 4 & 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

    Number of shares of Common
    Stock Outstanding **4,865,146,089 shares**

    Amount of debt **Php7.2 billion**

11. Are any or all registrant's securities listed on the Philippines Stock Exchange?

Yes ___**X**____ No _______

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Philippine Stock Exchange – common shares

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION

INFORMATION STATEMENT

This Information Statement is dated as of March 18, 2016 and is being furnished to stockholders of record of Trans-Asia Oil and Energy Development Corporation ("Trans-Asia" or the "Company") as of March 14, 2016 in connection with its Annual Stockholders Meeting.

WE ARE NOT SOLICITING YOUR PROXY.

1) Date, Time and Place of Meeting of Security Holders

Date	:	April 12, 2016
Time	:	2:00 p.m.
Place	:	PENINSULA MANILA HOTEL Ayala Avenue, Makati City
Principal Office	:	Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center Makati City, Philippines

This Information Statement will be first sent or given to security holders on March 16, 2016.

2) Dissenter's Right of Appraisal

A stockholder may exercise his appraisal right in the following instances:

a. In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any class, or of extending or shortening the terms of corporate existence (Section 81, Corporation Code)

b. In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Code (Section 81, Corporation Code)

c. In case of merger or consolidation (Section 81, Corporation Code)

d. In case the corporation sells or disposes of all or substantially all of its properties and assets (Section 40, Corporation Code)

e. In case the corporation decides to invest its funds in another corporation or business (Section 42, Corporation Code)

Trans-Asia's Board of Directors has approved, subject to stockholders' approval, the extension for another fifty (50) years (i.e. until September 8, 2069) of the term during which the Company is to exist. As said proposed act gives rise to the right of appraisal, any stockholder who shall vote against the proposed corporate action may exercise his appraisal right by making a written demand on the Company within thirty (30) days after the date on which the vote was taken for payment of the fair value of his shares. Failure to make the demand within such period shall be deemed a waiver of the appraisal right (Section 82, Corporation Code).

Within ten (10) days after demanding payment for his shares, a dissenting stockholder must submit the certificate(s) of stock representing his shares to the Company for notation thereon that such shares are dissenting shares. His failure to do so shall, at the option of the Company, terminate his appraisal rights (Section 86, Corporation Code).

If the proposed corporate action is implemented, the Company shall pay to a dissenting stockholder, upon surrender of the certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of a merger if such be the corporate action involved (Section 82, Corporation Code).

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the Company cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the Company, and the third by the two (2) thus chosen. The findings of the majority of the appraisers shall be final, and their award shall be paid by the Company within thirty (30) days after such award is made (Section 82, Corporation Code).

As per Section 82 of the Corporation Code, no payment shall be made to any dissenting stockholder unless the Company has unrestricted retained earnings in its books to cover such payment. Moreover, upon payment by the Company of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the Company.

A dissenting stockholder may not withdraw a demand for payment of the fair value of his shares unless the Company consents thereto (Section 84, Corporation Code).

The right of a dissenting stockholder to be paid the fair value of his shares shall cease in the following instances:

a. If the demand for payment is withdrawn with the consent of the Company;
b. If the proposed corporate action is abandoned or rescinded by the Company;
c. If the proposed corporate action is disapproved by the Securities and Exchange Commission (SEC); or
d. If the SEC determines that the stockholder is not entitled to the appraisal right (Section 84, Corporation Code).

In the foregoing instances, the status of the stockholder shall be restored and all dividend distributions which would have accrued on his shares shall be paid to him (Section 84, Corporation Code).

3) Interest of Certain Persons in or Opposition to Matters to be Acted Upon

None of Trans-Asia's directors, officers, nominees or associates has substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than elections to office.

The Board of Directors of Trans-Asia is not aware of any party who has indicated an intention to oppose the motions set forth in the Agenda.

4) Voting Securities and Principal Holders Thereof

As of February 29, 2016, 4,865,146,089 shares of Trans-Asia common stock are outstanding and entitled to vote at the Annual Stockholders Meeting. Of the said outstanding voting shares, 4,559,295,528 are owned by Filipinos and 305,850,561 are owned by foreign nationals.

Only holders of Trans-Asia's stock of record at the close of business on March 14, 2016 are entitled to notice of the Annual Shareholders Meeting and to vote thereat.

The stockholders have cumulative voting right with respect to the election of the Company's Directors. Each stockholder may vote in person or by proxy the number of shares of stock standing in his own name in the books of the Company as of the record date of the meeting. Moreover, a stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of the Company multiplied by the whole number of directors to be elected, and provided, further, that no delinquent stock shall be voted (Section 24, Corporation Code).

a) Security Ownership of Certain Record and Beneficial Owners

The table below shows the persons or groups known to Trans-Asia to be directly the record or beneficial owners of more than five percent (5%) of the company's voting securities as of February 29, 2016:

Title of Class of Shares	Name & Address of Record Owner & Relationship with Issuer	Name & Address of Beneficial Owner & Relationship with Record Owner	Citizenship	No. of Shares Held	% Held
Common	Philippine Depository and Trust Corporation[1] MSE Bldg., Ayala Avenue, Makati City Stockholder		Filipino 77.33% Foreign 6.16%	4,062,302,572	83.49%
Common	PHINMA Corporation (or PHINMA Corp., formerly Bacnotan Consolidated Industries, Inc.)[2] Level 12 PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City Stockholder	PHINMA Corp., which is also the record owner. Mr. Oscar J. Hilado, Chairman of the Board, is the person appointed to exercise voting power.	Filipino	449,331,621	9.24%

[1] **Philippine Depository and Trust Corporation ("PDTC")** is a wholly-owned subsidiary of Philippine Central Depository, Inc. ("PCD") which acts as trustee-nominee for all shares lodged in the PCD system. It was formerly known as PCD Nominee Corporation. The beneficial owners of such shares are the participants of PCD which holds the shares on their behalf or in behalf of their clients.

PCD is a private institution established in March 1995 to improve operations in securities transactions. PCD seeks to provide a fast, safe and highly efficient system for securities settlement. The PCD was organized to implement an automated book-entry system of handling securities transaction in the Philippines.

As of February 29, 2016, AB Capital Securities, Inc. (ABCSI) is the only PCD Nominee who holds more than five percent (5%) of the Company's securities. ABCSI is one of the Philippines' leading local stock brokerage firms with over thirty (30) years industry presence. It is one of the pioneers in online stock trading.

[2] **PHINMA Corp.**, was incorporated on 12 March 1957. Its principal activity is investment in shares of various subsidiaries and affiliates engaged in the manufacture of galvanized and pre-painted coils and sheets, property development, power and energy development and education. The ultimate parent company of PHINMA Corp. and its subsidiaries is PHINMA, Inc. PHINMA Corp. is listed in the Philippine Stock Exchange. The principal stockholders of PHINMA Corp. are PHINMA, Inc. and PDTC.

b) ***Security Ownership of Management***

None of the directors and officers owns five percent (5%) or more of the outstanding capital stock of Trans-Asia. The table below shows the securities owned by the directors and officers of the Company as of January 31, 2016:

Title of Class	Name of Owner	Citizenship	No. of Shares Held	Nature	% of Class
Common	Oscar J. Hilado	Filipino	4,500,000	Direct	0.09
Common	Ramon R. del Rosario, Jr.	Filipino	16,905,513	Direct	0.9
			26,745,698	Indirect	
Common	Francisco L. Viray	Filipino	10,212,730	Direct	0.22
			614,000	Indirect	
Common	Roberto M. Laviña	Filipino	3,649,887	Direct	0.08
Common	Guillermo D. Luchangco	Filipino	1	Direct	0.00
Common	Magdaleno B. Albarracin, Jr.	Filipino	12,202,926	Direct	0.25
Common	Raymundo O. Feliciano, Sr.	Filipino	1,154,017	Direct	0.02
Common	Ricardo V. Camua	Filipino	1,225,000	Direct	0.03
Common	Victor J. del Rosario	Filipino	3,620,362	Direct	0.62
			26,745,698	Indirect	
Common	David L. Balangue	Filipino	1,610,001	Direct	0.03
Common	Juan J. Diaz	Filipino	66,211	Direct	0.00
Common	Raymundo A. Reyes, Jr.	Filipino	1,421,901	Direct	0.03
Common	Rizalino G. Santos	Filipino	3,517,245	Direct	0.07
Common	Virgilio R. Francisco, Jr.	Filipino	954,496	Direct	0.02
Common	Pythagoras L. Brion, Jr.	Filipino	565,013	Direct	0.01
Common	Mariejo P. Bautista	Filipino	621,227	Direct	0.01
Common	Alan T. Ascalon	Filipino	134,295	Direct	0.00
Common	Cecille B. Arenillo	Filipino	100,000	Direct	0.00
Common	Danilo L. Panes	Filipino	113,522	Direct	0.00
Common	Danielle R. del Rosario	Filipino	262,000	Direct	0.01
Common	Arthur R. Villacorte	Filipino	98,670	Direct	0.00
Common	Ma. Teresa P. Posadas	Filipino	89,000	Direct	0.00
	TOTAL		**117,129,413**		**2.41**

c) ***Voting Trust Holders of 5% or more***

Trans-Asia is not aware of any person holding five percent (5%) or more of the Company's outstanding shares under a voting trust agreement or similar agreement.

d) ***Changes in Control***

There are no arrangements that may result in a change in control of Trans-Asia, nor has there been any change in control since the beginning of the last fiscal year and for the last three (3) years.

5) Directors and Executive Officers

a) Board of Directors

The Board of Directors of Trans-Asia is responsible for the overall management and direction of the Company. The Board meets monthly, or as often as required, to review and monitor the Company's financial position and operations.

The Company's Directors are elected at the Annual Stockholders Meeting to hold office for one (1) year and until their respective successors have been elected and qualified.

None of the Directors holds more than two percent (2%) of the Company's shares.

The incumbent Directors of Trans-Asia and their qualifications (i.e. age, citizenship, positions held) are as follows:

Directors	Age	Citizenship	Position
Oscar J. Hilado	78	Filipino	Director and Chairman of the Board
Ramon R. del Rosario, Jr.	71	Filipino	Director and Vice Chairman
Francisco L. Viray	67	Filipino	Director, President and CEO
Roberto M. Laviña	65	Filipino	Director and Treasurer
Magdaleno B. Albarracin, Jr.	79	Filipino	Director
Victor J. del Rosario	67	Filipino	Director
Pythagoras L. Brion, Jr.	63	Filipino	Director, SVP and CFO
Raymundo O. Feliciano, Sr.	91	Filipino	Independent Director
Ricardo V. Camua	72	Filipino	Independent Director
David L. Balangue	64	Filipino	Independent Director
Guillermo D. Luchangco	76	Filipino	Independent Director

The business experiences of the Company's incumbent Directors for at least the last five (5) years are as follows:

Oscar J. Hilado has been the Chairman of the Board of the Company since April 16, 2008. He served as Vice Chairman of the Company's Board of Directors for 13 years and Chairman of the Executive Committee for 17 years. He has been the Chairman of PHINMA Inc. since January 1994 and has served as CEO thereof from January 1994 to August 2005. He is likewise the Chairman of the Board & Chairman of the Executive Committee of PHINMA Corp., Chairman of the Board of PHINMA Property Holdings Corp. and Vice Chairman of Trans Asia Petroleum Corporation. He is a director of Trans-Asia Power Generation Corporation, One Subic Power Generation Corp., Palawan55 Exploration & Production Corporation, Trans-Asia Renewable Energy Corporation, Trans-Asia Gold and Minerals Development Corporation, Manila Cordage Corp., Seven Seas Resorts & Leisure, Inc., First Philippine Holdings Corporation, A. Soriano Corporation, Philex Mining Corporation, Smart Communications, Inc. Digital Telecommunications Phils., Inc. (DIGITEL), Rockwell Land Corporation and Roxas Holdings, Inc.. He received his Bachelor of Science degree in Commerce from De La Salle College (Bacolod) in 1958 and his Master's degree in Business Administration from the Harvard Graduate School of Business in 1962.

Ramon R. del Rosario, Jr. was elected as Vice Chairman of the Board of Directors and Chairman of the Executive Committee of the Company on April 16, 2008. He is the President and CEO of PHINMA Inc. and PHINMA Corp. He is also the Chairman of Trans-Asia Power Generation Corporation, Trans-Asia Renewable Energy Corporation, CIP II Power Corporation, Trans-Asia Petroleum Corporation, Palawan55 Exploration and Production Corporation, One Subic Power Generation Corp., Trans-Asia Wind Power Corporation, Trans-Asia Gold and Minerals Development

Corporation, Microtel Inns and Suites (Pilipinas), Inc. and the Chairman of the Boards of Trustees of Araullo University, Cagayan de Oro College, University of Iloilo and University of Pangasinan. He is a director of several PHINMA-managed companies and currently serves as a member of the Boards of Directors of Ayala Corp. and as Chairman of United Pulp and Paper Company of the Siam Cement Group. Mr. del Rosario obtained his BSC-Accounting and AB-Social Sciences degrees *(Magna cum Laude)* from De La Salle University and Master's degree in Business Administration from the Harvard Business School. He served as Secretary of Finance of the Philippines from 1992 to1993. He is the Chairman of the Makati Business Club, Philippine Business for Education (PBED), the Integrity Initiative, and the National Museum of the Philippines. He was selected as the Most Outstanding Student of the Philippines in 1967, one of the Ten Outstanding Young Men (TOYM) of the Philippines in 1978 and the MAP Management Man of the Year in 2010. He is the brother of Mr. Victor J. del Rosario. He has been a director of the Company since 2002.

Francisco L. Viray has been the President and Chief Executive Officer of the Company since April 2007. He has been a director of the Company since 1998 and has served as the Company's Executive Vice President from April 2004 to April 2007. He is concurrently the President & CEO of Trans-Asia Power Generation Corporation, Trans-Asia Renewable Energy Corporation, Trans-Asia Petroleum Corporation, Trans-Asia Gold and Minerals Development Corporation and Trans-Asia Wind Power Corporation. He is the Vice-Chairman & CEO of CIP II Power Corporation, One Subic Power Generation Corp. and Palawan55 Exploration & Production Corporation. At present, Mr. Viray is a member of the Boards of Trustees of Araullo University, Cagayan de Oro College and University of Pangasinan of the PHINMA Education Network (PEN). Mr. Viray received his Bachelor of Science and Master's degrees in Electrical Engineering from the University of the Philippines and his Doctorate degree in Engineering from West Virginia University. He joined the PHINMA Group in 1999, a year after he served as Secretary of the Department of Energy from 1994 to 1998. Earlier, he was President of the National Power Corporation beginning May 1993. He also served on the Board of Directors of Meralco, Petron, Union Cement Corporation (now Holcim Philippines, Inc.) and United Pulp and Paper Company, Inc.

Roberto M. Laviña has a Bachelor of Arts in Economics degree from Ateneo de Manila University and a Masters in Business Management from Asian Institute of Management. He finished his Program for Management Development at Harvard University in 1988. He is the Senior Executive Vice President/Chief Operating Officer (COO) of PHINMA Inc. & PHINMA Corp. and concurrently as President & CEO of PHINMA Property Holdings Corp. He is also the Treasurer of Trans-Asia and is a member of the Board of all the companies in the PHINMA Group which include companies in power generation, education, hotels, steel roofing, property development, oil exploration, strategic consulting and insurance brokerage.

Pythagoras L. Brion was elected Senior Vice President & CFO of the Company on March 20, 2012. He received his Bachelor of Science degree in Management Engineering from Ateneo de Manila University and holds a Master's degree in Business Administration from University of the Philippines. He is concurrently SVP/Treasurer of PHINMA Inc. and PHINMA Corp. and is the EVP Treasurer & CFO of Trans-Asia Power Generation Corporation, CIP II Power Corporation, One Subic Power Generation Corp., Trans-Asia Petroleum Corporation and Palawan55 Exploration & Production Corporation. Mr. Brion is the Treasurer & CFO of Trans-Asia Gold and Minerals Development Corporation and the Treasurer of Trans-Asia Renewable Energy Corporation and Trans-Asia Wind Power Corporation. Mr. Brion likewise serves various executive posts in the PHINMA-managed companies including Union Galvasteel Corp. and PHINMA Property Holdings Corp. He joined the PHINMA group in 1992.

Magdaleno B. Albarracin, Jr. joined the PHINMA Group in 1971 as a consultant. He is currently the Vice-Chairman of PHINMA Inc. and is the Chairman of its Executive Committee. He is the Chairman of the Board of Trustees of the University of San Carlos in Cebu City. He is also Vice Chairman of Araullo University, Cagayan De Oro College, University of Iloilo and University of Pangasinan. He is a member of the Boards of Directors of PHINMA Foundation, Union Galvasteel Corporation, Trans-Asia Power Generation Corporation, One Subic Power Generation Corp., Trans-Asia Petroleum Corporation, Trans-Asia Renewable Energy Corporation, Trans-Asia Gold and Minerals Development Corporation, PHINMA Property Holdings Corp. and UP Board of Regents. Dr.

Albarracin received his Bachelor of Science degree in Electrical Engineering from the University of the Philippines and Master of Science degree in Electrical Engineering from the University of Michigan. He received his Master's degree in Business Administration from the University of the Philippines and Doctorate degree in Business Administration from Harvard University. He was formerly Chairman of UP Engineering Research and Development Foundation and President of Holcim Philippines, Inc. He was a director of the Company (Holcim) from1986 to 2014.

Raymundo O. Feliciano is a Certified Public Accountant with a Bachelor of Science degree in Commerce from Far Eastern University. He has been the Chairman and President of ROF Management and Development Corporation and the Chairman of B.U. Properties Corporation, Bates Licensing & Entertainment and Tuesday Licensing & Entertainment. He is the Corporate Secretary of Bates Management & Development Company Inc. In September 2002, he was elected as director of Filmag Holdings, Inc. He has been a director of the Company since its incorporation in 1969.

Victor J. del Rosario is an Economics and Accounting graduate of De La Salle University and holds a Master's degree in Business Administration from Columbia University. He was elected as director on September 15, 2008. He is the Vice-Chairman of Union Galvasteel Corporation and is the Executive Vice President and Chief Strategic Officer of PHINMA Inc. For PHINMA Corp, he is Executive Vice President and Chief Finance Officer. He is also a member of the Boards of Directors of PHINMA Inc. and various PHINMA-managed companies. Mr. Del Rosario is the brother of Mr. Ramon R. del Rosario, Jr.

Ricardo V. Camua, 73, born April 3, 1943, has a Bachelor of Science degree in Electrical Engineering from Mapua Institute of Technology. He served as the President and Chief Executive Officer of Manila Cordage Company (2000-2009) and Manco Synthetics, Inc. (2007-2009). Mr. Camua was the Vice-President and member of the Boards of Directors of Manco Insurance Agents Inc. and Tupperware Realty Corporation. In 2005, he was elected director of Filmag Holdings, Inc. Since 2008, he has been the President of Ricardo V. Camua & Co., Inc. (RVCCI). He has been a director of the Company since 1996.

David L. Balangue is an accounting and auditing professional whose career spanned 38 years at SGV & Co., the Philippines' largest audit and accounting professional services firm. He is a former Chairman & Managing Partner of the Firm, and was admitted to partnership in 1982. Mr. Balangue holds a Bachelor's Degree in Commerce, major in Accounting, Magna Cum Laude, from Manuel L. Quezon University and a Master of Management degree, with distinction, from the Kellogg School of Management of Northwestern University in Evanston, Illinois, USA as an SGV scholar and where he received a Distinguished Scholar Award and elected to the Beta Gamma Sigma, an exclusive honors fraternity. He placed second highest in the 1972 Philippine CPA Board Examinations.

He served as President of the Manila Polo Club, Inc., (2014-2015), the Financial Executives Institute of the Philippines (2006); Philippine Institute of Certified Public Accountants (2005); and Management Association of the Philippines (2004). Among others, he was President of the Capital Markets Development Council (2008); Chairman of FINEX Foundation (2007); Chairman of MAP Research and Development Foundation (2004); Chairman of Standing Interpretations Committee, Accounting Standards Council (2000-2006); Chairman of Philippines-Korea Economic Council (2002-2008); trustee of Philippine Business for Social Progress (2004-2010); Chairman of the Philippine Interpretations Committee of the Philippine Financial Reporting Standards Council (2006-2010); Chairman and President of the SGV Foundation (2003-2010) and Member of the Board of Trustees, Makati Business Club (2000-2011).

At present, he is Chairman of the National Citizens' Movement for Free Elections (NAMFREL) (since 2014); Chairman of the Philippine Council for Population and Development (since 2014); Chairman of the Coalition Against Corruption (since 2011); Chairman of the Philippine Financial Reporting Standards Council (since 2010); Chairman/President of the Makati Commercial Estate Association, Inc. (since 2010), President of the Makati Parking Authority, Inc. (since 2011) and President of Halcyon TCMers, Inc. (a closed family corporation) (since 2002). He sits as an independent director/non-executive director in the following listed companies: Manulife Financial

Plans, Inc., Roxas Holdings, Inc., Philippine Bank of Communications, and Holcim Philippines, Inc. and the following private /unlisted companies: Maybank ATR Kim Eng Capital Partners, Inc., ATR Asset Management, Inc., The Manufacturers Life Insurance Co., (Phils.), Inc., OmniPay, Inc., Unistar Credit and Finance Corporation, Trans-Asia Power Generation Co. and One Subic Power Generation Co. He is also a member of the Board of Governors/Trustees of the Habitat for Humanity (Philippines) Foundation, Inc.

In 2015, he attended a training for independent directors on good governance and a training for bank directors on the Anti-Money Laundering Act. Moreover, in the Philippine Financial Reporting Standards Council which he chairs, all new accounting standards are reviewed and approved before these are adopted in the Philippines. Dave is also a columnist in the Philippine Daily Inquirer.

He was elected as Independent Director of the Company on March 24, 2010. Dave was born on October 18, 1951 and is 64 years old.

Guillermo D. Luchangco, 76 (born November 11, 1939) is Chairman and Chief Executive Officer of The ICCP Group, which includes Science Park of the Philippines, Inc., Pueblo de Oro Development Corp., Cebu Light Industrial Park, Inc., Regatta Properties, Inc., RFM-Science Park of the Philippines, Inc., and Manila Exposition Complex, Inc.; Chairman of Investment & Capital Corporation of the Philippines and Chairman & President of Beacon Property Ventures, Inc.

Mr. Luchangco also sits on the board of public companies Phinma Corporation, Roxas & Company, Inc. and Ionics Inc. He is also an Independent Director of Fuld & Company.

Mr. Luchangco received his Bachelor of Science degree in Chemical Engineering (magna cum laude) from the De La Salle University and holds a Master's degree in Business Administration from Harvard Business School. He has been an Independent Director of Trans-Asia since April 2013.

He recently completed the seminar on Corporate Governance, given by SGV & Company last October 2015 at Makati City.

b) ***Executive Officers***

The Officers of Trans-Asia are elected by the Board of Directors immediately after each Annual Stockholders Meeting. The Officers hold office for one (1) year and until their respective successors are elected and qualified.

None of the Officers of Trans-Asia holds more than two percent (2%) of the Company's shares.

The incumbent Officers of Trans-Asia and their qualifications (i.e. age, citizenship, positions held) are as follows:

Executive Officers	Age	Citizenship	Position
Francisco L. Viray	67	Filipino	President and CEO
Roberto M. Laviña	65	Filipino	Treasurer
Rizalino G. Santos	63	Filipino	Sr. Vice President – Power Business
Virgilio R. Francisco, Jr.	58	Filipino	Sr. Vice President
Pythagoras L. Brion, Jr.	63	Filipino	Sr. Vice President and CFO
Raymundo A. Reyes, Jr.	63	Filipino	Sr. Vice President
Mariejo P. Bautista	51	Filipino	SVP – Finance and Controller
Cecille B. Arenillo	58	Filipino	Vice President and Compliance Officer
Alan T. Ascalon	41	Filipino	VP – Legal and Assistant Corporate Secretary
Danilo L. Panes	59	Filipino	Asst. Vice President – Renewable Energy

Ma. Teresa P. Posadas	48	Filipino	Asst. Vice President – Human Resources
Danielle R. del Rosario	38	Filipino	Asst. Vice President – Corporate Affairs
Arthur R. Villacorte	49	Filipino	Asst. Vice President – Materials Management
Juan J. Diaz	85	Filipino	Corporate Secretary

The business experiences of the Company's Officers for at least the last five (5) years are as follows:

Francisco L. Viray has been the President and Chief Executive Officer of the Company since April 2007. He has been a director of the Company since 1998 and has served as the Company's Executive Vice President from April 2004 to April 2007. He is concurrently the President & CEO of Trans-Asia Power Generation Corporation, Trans-Asia Renewable Energy Corporation, Trans-Asia Petroleum Corporation, Trans-Asia Gold and Minerals Development Corporation and Trans-Asia Wind Power Corporation. He is the Vice-Chairman & CEO of CIP II Power Corporation, One Subic Power Generation Corp. and Palawan55 Exploration & Production Corporation. At present, Mr. Viray is a member of the Boards of Trustees of Araullo University, Cagayan de Oro College and University of Pangasinan of the PHINMA Education Network (PEN). Mr. Viray received his Bachelor of Science and Master's degrees in Electrical Engineering from the University of the Philippines and his Doctorate degree in Engineering from West Virginia University. He joined the PHINMA Group in 1999, a year after he served as Secretary of the Department of Energy from 1994 to 1998. Earlier, he was President of the National Power Corporation beginning May 1993. He also served on the Board of Directors of Meralco, Petron, Union Cement Corporation (now Holcim Philippines, Inc.) and United Pulp and Paper Company, Inc.

Roberto M. Laviña has a Bachelor of Arts in Economics degree from Ateneo de Manila University and a Masters in Business Management from Asian Institute of Management. He finished his Program for Management Development at Harvard University in 1988. He is the Senior Executive Vice President/Chief Operating Officer (COO) of PHINMA Inc. & PHINMA Corp. and concurrently as President & CEO of PHINMA Property Holdings Corp. He is also the Treasurer of Trans-Asia and is a member of the Board of all the companies in the PHINMA Group which include companies in power generation, education, hotels, steel roofing, property development, oil exploration, strategic consulting and insurance brokerage.

Virgilio R. Francisco, Jr. is a Professional Industrial Engineer. He earned his Bachelor of Science degree in Management and Industrial Engineering from the Mapua Institute of Technology (MIT). He is a Senior Vice President of the Company and has been elected recently as Director and President of South Luzon Thermal Energy Corp. He was formerly the Senior Vice President and General Manager of CIP II Power Corporation, the Executive Vice President and General Manager of Asia Coal Corp. and Bacnotan Industrial Park Corp. He is a member of the Foundation of Outstanding Mapuans, Inc. He is the Senior Vice President of the company since April 2009.

Juan J. Diaz is a member of the Philippine Bar and has a Master of Laws degree from Harvard Law School. He has been Corporate Secretary of the Company since its incorporation and has served as its Legal Counsel until October 2000. He serves as Consultant for the PHINMA Group.

Pythagoras L. Brion was elected Senior Vice President & CFO of the Company on March 20, 2012. He received his Bachelor of Science degree in Management Engineering from Ateneo de Manila University and holds a Master's degree in Business Administration from University of the Philippines. He is concurrently SVP/Treasurer of PHINMA Inc. and PHINMA Corp. and is the EVP Treasurer & CFO of Trans-Asia Power Generation Corporation, CIP II Power Corporation, One Subic Power Generation Corp., Trans-Asia Petroleum Corporation and Palawan55 Exploration & Production Corporation. Mr. Brion is the Treasurer & CFO of Trans-Asia Gold and Minerals Development Corporation and the Treasurer of Trans-Asia Renewable Energy Corporation and Trans-Asia Wind Power Corporation. Mr. Brion likewise serves various executive posts in the PHINMA-managed companies including Union Galvasteel Corp. and PHINMA Property Holdings Corp. He joined the PHINMA group in 1992.

Raymundo A. Reyes, Jr., 63 (birth date: February 5, 1953) holds a Bachelor of Science degree in Chemistry and Master of Science degree in Geology from the University of the Philippines and is both a licensed geologist and chemist. After a short teaching and graduate assistantship stint at the U.P. Department of Chemistry and Department of Geology and Geography, he started his career as a geologist with the Philippine National Oil Company in 1976, and was subsequently seconded to the Department of Energy and its predecessor agencies. In 1987, he joined the Company as Exploration Manager and in 1994, became its Vice President for Exploration. He is currently Trans-Asia's Senior Vice President. He is concurrently the President & COO of Palawan55 Exploration and Production Corporation, Executive Vice President & COO of PSE-listed Trans-Asia Petroleum Corporation and Vice President of Maibarara Geothermal, Inc., a 25%-owned subsidiary of the Company. He is a Director of both Trans-Asia Petroleum Corporation (since February 2013) and Palawan55 Exploration and Production Corporation (since February 2013).

Rizalino G. Santos finished his Bachelor and Master of Science degrees in Electrical Engineering from the University of the Philippines. His relevant course/program participation includes training in energy and electricity planning by the Energy Center of Pennsylvania, Institute of International Education (IIE), and International Atomic Energy Agency (IAEA). He also attended study tours on electric utility practices, deregulation and privatization in US, UK, Germany, Japan and New Zealand. Prior to becoming an Independent Power Systems Consultant, he was the Vice-President for Market Operations of TRANSCO from March 2003 to October 2004. He was a director and Vice President of the Philippine Electricity Market Corp. (PEMC) from December 2003 to March 2004. He worked in the National Power Corporation (NPC) for nineteen (19) years, working mainly at the Corporate Planning Group where he was responsible for the country's Power Development Program (PDP). He joined Trans-Asia on August 1, 2006 as Vice President for Electricity Trading and Marketing. He is currently Senior Vice President – Power Business of Trans-Asia. He is also President & COO of CIP II Power Corporation, President & COO of One Subic Power Generation Corp., and Executive Vice President & COO of Trans-Asia Power Generation Corporation.

Mariejo P. Bautista obtained her Bachelor of Science degree in Business Administration and Accountancy from the University of the Philippines. She is a Certified Public Accountant with a Master's degree in Business Management from the Asian Institute of Management. She worked with SyCip Gorres Velayo & Co. in 1987 and with various multinational manufacturing and service companies up to August 2011. She joined Trans-Asia Oil in September 2011. She is the Senior Vice President – Finance & Controller of the Company, Trans Asia Power Generation Corporation, CIP II Power Corporation, One Subic Power Generation Corp., Trans-Asia Renewable Energy Corporation, Trans-Asia Petroleum Corporation, Trans-Asia Gold and Minerals Development Corporation, Trans-Asia Wind Power Corporation and Palawan55 Exploration and Production Corporation.

Cecille B. Arenillo is a Certified Public Accountant with a Bachelor of Science degree in Commerce from the University of Sto. Tomas. She is currently the Vice President-Treasury and Compliance Officer of PHINMA Corp., Vice President-Compliance Officer of Trans-Asia Petroleum Corporation and PHINMA Property Holdings Corporation, Vice President & PHINMA Group Compliance Officer of PHINMA, Inc. and Asst. Treasurer of Union Galvasteel Corporation. She was elected as the Vice President and Compliance Officer of the Company on August 1, 2009.

Alan T. Ascalon is the Vice President - Legal of Trans-Asia and serves as its Assistant Corporate Secretary. He is a director of Trans-Asia Renewable Energy Corporation and Trans-Asia Wind Power Corporation. He is the Corporate Secretary of Trans- Asia Renewable Energy Corporation, Trans-Asia Wind Power Corporation, One Subic Power Generation Corp. and Palawan55 Exploration and Production Corp., and Assistant Corporate Secretary of Trans-Asia Power Generation Corporation, CIP II Power Corporation, Trans-Asia Petroleum Corporation and Trans-Asia Gold and Minerals Development Corporation. He was the Assistant Legal Counsel of PHINMA, Inc. from 2005 to 2008. He graduated from the University of the Philippines with a Bachelor of Arts degree in Journalism in 1996 and a Bachelor of Laws degree in 2000.

Danilo L. Panes is a licensed Mining Engineer. He obtained his Bachelor of Science degree in Mining Engineering from the Mapua Institute of Technology as a government scholar. He joined the Company in May 1996 as Project Development Manager and was promoted to AVP – Renewable Energy in May 2006. He obtained his MBA studies at the De la Salle University and completed the Management Development Program at the Asian Institute of Management. He is also Vice President of Trans-Asia Renewable Energy Corporation and Trans-Asia Wind Power Corporation.

Danielle R. del Rosario. Assistant Vice President for Corporate Affairs of listed companies Trans-Asia Oil and Energy Development Corporation and Trans-Asia Petroleum Corporation, as well as of, unlisted companies Trans-Asia Renewable Energy Corporation, Trans-Asia Power Generation Corporation, CIP II Power Corporation, and One Subic Power Generation Corporation from 2015 to the present. As Corporate Affairs Head, she is the concurrent head of Corporate Communications and Corporate Social Responsibility (CSR), and also functions as Business Resiliency Officer and Integrity Assurance Officer for the PHINMA Energy Group. Danielle joined Trans-Asia in 2013 as Head of Corporate Affairs.

Prior to joining Trans-Asia, she was with the PHINMA Foundation from 2011-2013 as Program Director for the PHINMA National Scholarship Program, a leadership building initiative, which supports college level scholars in PNU and UP Diliman.

Formerly with the banking industry, Danielle trained in Citibank as a relationship manager and investment specialist (2003-2007) and with BDO Private Bank Wealth Advisory and Trust Group (2007-2009). She received her education from UP Diliman, attaining a Bachelor of Science in Business Administration and Accountancy (Cum Laude), and is currently a candidate for her Master in Business Administration from the University of Regis joint program with the Ateneo Graduate School of Business.

Danielle is a member of the Makati Business Club and Integrity Initiative.

Ma. Teresa P. Posadas has been appointed the company's Assistant Vice President for Human Resources April 2015. She is concurrently PHINMA's Assistant Vice President for Human Resources and was elected to this position in July 2008. In addition to her role in Human Resources, Ms. Posadas has been appointed Assistant Corporate Secretary of PHINMA Foundation Inc. since 2004. Her employment with PHINMA began in May 1989, then a fresh graduate of Maryknoll College with a degree of Bachelor of Science in Behavioural Science. In 2013, Ms. Posadas completed her Management Development Program from the Asian Institute of Management.

Arthur R. Villacorte. born in December 1966, Art is a graduate of Bachelor of Science in Electronics & Communications Engineering, before joining Trans-Asia Oil in October 2007, he was the Purchasing Officer of Union Cement Corp. from October 1991 to March 2003 (now La Farge-Holcim), during his term, he handled major expansion projects of the Cement Group, he later migrated to Canada and served as one of the procurement personnel in the Vancouver-Canada Line SNC-SELI Project from Sept. 2004 to May 2006, upon his return to the Philippines, he joined as the Procurement Lead of the Ramcar Group of Companies - Battery Group from July 2006 to October 2007 earning him 15+ years of experience in a Procurement environment, presently, he is the AVP of the Materials Management Dept. of Trans-Asia Oil and at the same time spearheading the Procurement Consolidation Program of the different companies of Phinma. In addition to his Basic Management Program from Asian Institute of Management (AIM) in May 2013, he is preparing for the Certified International Procurement Manager (CIPM) and Certified International Sourcing Manager (CISM) certification from the International Purchasing and Supply Chain Management Institute (IPSCMI) in June 2016.

c) <u>Family Relationships</u>

Mr. Ramon R. del Rosario, Jr. is the brother of Mr. Victor J. del Rosario and the father of Ms. Danielle R. del Rosario.

Mr. Arthur R. Villacorte and Mr. Virgilio R. Francisco are cousins.

Other than the foregoing family relationships, none of the Directors, Executive Officers or persons nominated to be elected to Trans-Asia's Board are related up to the fourth civil degree, either by consanguinity or affinity.

d) ***Independent Directors***

The independent directors of Trans-Asia are as follows:

1. Mr. Raymundo O. Feliciano
2. Mr. Ricardo V. Camua
3. Mr. David L. Balangue
4. Mr. Guillermo D. Luchangco

The foregoing independent directors were nominated by Mr. Oscar J. Hilado. Mr. Hilado is not related any of the independent directors either by consanguinity or affinity.

The independent directors of Trans-Asia are not Officers or substantial shareholders of the Company. Moreover, Messrs. Raymundo O. Feliciano and Ricardo V. Camua are not Directors or Officers of Trans-Asia's related companies. Mr. David L. Balangue, however, is a member of the Boards of Directors of Trans-Asia Power Generation Corporation and One Subic Power Generation Corp. while Mr. Guillermo D. Luchangco is a member of the Boards of Directors of Phinma Corporation and Fuld and Company, Inc.

e) ***Significant Employee***

Other than the Directors and Officers identified in the item on Directors and Executive Officers in this Information Statement, there are no other employees who may have significant influence in Trans-Asia's major and/or strategic planning and decision-making.

f) ***Involvement in Certain Legal Proceedings***

As of March 4, 2016, Trans-Asia has no knowledge and/or information that any of the Company's Directors, Officers or nominees for election as Directors is, presently or during the last five (5) years, involved in any legal proceeding which will have any material effect on the Company, its operations, reputation, or financial condition. Furthermore, none of the Company's Directors and senior Executive Officers have been the subject of the following during the last five (5) years: (a) bankruptcy petition by or against any business of which such Director was a general partner or executive officer either at the time of the bankruptcy or within two (2) years prior to that time; (b) a conviction by final judgment, in a criminal proceeding, domestic or foreign, or a pending criminal proceeding, domestic or foreign; (c) any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities or banking activities; or (d) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading, market or self-regulatory organization, to have violated the securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

Aside from the following, there are no legal proceedings to which Trans-Asia is a party or which involves any of the Company's property:

Trans-Asia Oil and Energy Development Corporation v. Yinlu Bicol Mining Corporation
G.R. SP. No. 207942

In 2007, Trans-Asia was awarded a Mineral Production Sharing Agreement (MPSA) covering a 333-hectare area in the municipality of Jose Panganiban, Camarines Norte for a period of 25 years renewable for another 25 years, pursuant to a work program containing the required expenditures and work commitments.

In 2009, the Company received an Order from the Secretary of the Department of Environment and Natural Resources (DENR) excising portions of the MPSA contract area that are covered by alleged mining patents of Yinlu Bicol Mining Corporation (Yinlu), purported registered owner of some of the land covered by the MPSA. Yinlu claims that it holds patents to the properties in dispute, which it allegedly purchased from the creditor banks of the previous owners of the land, Philippine Iron Mines, Inc. The Company filed a timely Motion for Reconsideration of the Order before the DENR Secretary. The Company claims that the mining patents, even if authentic, have already lapsed for failure of the owner to register the same under Presidential Decree No. 463, which requires that all mining claims and patents be registered within two years from effectivity of the decree.

In December 2009, Trans-Asia received a Resolution denying the Company's Motion for Reconsideration. The Company filed a timely appeal with the Office of the President on December 21, 2009, pursuant to Administrative Order No. 18. On January 29, 2010, the Office of the President ordered Yinlu to file a Reply Memorandum, which was complied with.

In a Decision dated May 4, 2010, the Office of the President denied the Company's appeal and affirmed the Order dated May 21, 2009 and the Resolution dated November 27, 2009. The Company's Motion for Reconsideration was denied on June 29, 2010; its Second Motion for Reconsideration was likewise denied on March 31, 2011.

On May 11, 2011, the Company filed a Petition for Review on Certiorari before the Court of Appeals. On September 30, 2011, the Company filed its Memorandum.

On October 30, 2012, the Court of Appeals rendered a Decision reversing the rulings of the DENR and the Office of the President and holding that the mining patents claimed by respondent Yinlu have already expired. Yinlu filed a Motion for Reconsideration on November 27, 2013 which was subsequently denied in a Resolution of the Court of Appeals dated June 27, 2013. Thereafter, on July 22, 2013, Yinlu filed a Petition for Review on Certiorari before the Supreme Court praying that the Decision of the Court of Appeals be reversed and set aside and that the Decision and Resolution of the Office of the President and DENR Secretary be affirmed. The Company filed its Comment to the Petition for Review. Thereafter, the parties filed their respective Memoranda.

Yinlu argues that the TCTs issued in its favor are valid and existing and that the mining patents issued under Philippine Bill of 1902 include the right to enjoy the mineral fruits. Further, since no just compensation was paid by the government to Yinlu, the Company cannot use the properties under the MPSA. On the other hand, the Company is invoking a validly issued presidential decree which has also been upheld by the Supreme Court.

In a Decision promulgated on January 12, 2015, the Supreme Court reversed the Court of Appeals Decision and reinstated the original Decision of the Office of the President. The Company timely filed a Motion for Reconsideration of the said Decision of the Supreme Court on March 20, 2015.

On June 3, 2015, the Company filed an Urgent Motion to Refer Case to the Court *En Banc* on the following grounds: (i) issues of transcendental importance has arisen which is of paramount interest to the mining industry, and for that matter, to the national economy; and (ii) established doctrine in several cases were reversed by the said Decision.

On June 15, 2015, the Supreme Court issued a Resolution denying the Company's Motion for Reconsideration and the Urgent Motion to Refer Case to the Court *En Banc*. The Decision of the Supreme Court is now final.

The MPSA which is the subject of the case was purchased by Investwell Resources Inc. (Investwell) from Trans-Asia under the terms and conditions of the Agreement dated October 18, 2011 and Amendment Agreement dated May 29, 2014 that were executed by said parties. Given this, the Supreme Court's Decision has no material adverse financial impact to the Company.

In the Matter of the Application for Approval of the Power Supply Agreement between:

Biliran Electric Cooperative, Inc and Trans-Asia Oil and Energy Development Corporation ERC Case No: 2015-054RC

Don Orestes Romualdez Electric Cooperative Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-055RC

Eastern Samar Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-058RC

Leyte II Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-062RC

Leyte III Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-056RC

Leyte IV Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation ERC Case No. 2015-057RC

Leyte V Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-058RC

Northern Samar Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-063RC

Samar I Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation ERC Case No. 2015-060RC

Samar II Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-064RC

Southern Leyte Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-064RC

On December 20, 2014, the Company entered into Power Supply Agreements (PSA) with each of the eleven (11) Region 8 Electric Cooperatives mentioned above. Under the PSA, Trans-Asia is obligated to supply 40MW for 2015 and 20MW for 2016 to the Region 8 Electric Cooperatives distributed according to the electricity requirements of each Electric Cooperative.

The said PSAs were submitted to the ERC for review and approval. The jurisdictional hearing was held on June 29, 2015 and June 30, 2015 while the confirmation of jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearings were held on various dates at the Main Offices of the respective Electric Cooperatives.

In an Order dated June 1, 2015, the ERC provisionally approved the PSA between the Company and the eleven (11) Region 8 Electric Cooperatives. The Company and the eleven (11)

Region 8 electric cooperatives have already filed their respective Formal Offers of Exhibits and are just awaiting the final approval of the ERC.

It is reasonable to expect that ERC will sustain the rates provisionally approved in its final rate approval. However, should the ERC fail to issue the final approval, the provisionally approved rates will simply continue to apply until the expiration of the PSAs on December 25, 2016. There would be no material adverse financial impact to the Company should the provisionally approved rates continue to be applied until December 25, 2016.

In the Matter of the Application for Approval of the Contract for the Sale of Electricity between Trans-Asia Oil and Energy Development Corporation (as Wholesale Aggregator) and Batangas I Electric Cooperative, Inc. with Prayer for Provisional Authority
ERC Case No. 2014-004RC

On January 21, 2014, a Contract for the Sale of Electricity ("CSE") was signed between the Company as a Wholesale Aggregator and Batangas I Electric Cooperative, Inc. ("BATELEC I"), whereby the Company shall supply the electricity requirements of BATELEC I in excess of the base load electricity requirements of BATELEC I for five (5) years. An Application for approval of the CSE, including the rate structure as embodied therein was filed with ERC.

A hearing was conducted by the ERC to determine compliance with the jurisdictional requirements, conduct an expository presentation, pre-trial and evidentiary hearing. In an Order dated March 31, 2014, the ERC provisionally approved the CSE but modified the applicable rate to be charged by the Company to BATELEC I. The rate provisionally approved by the ERC is substantially lower than the rates agreed upon by the Parties in the CSE.

The ERC stated that it has yet to issue any policy on the treatment of wholesale aggregators executing power supply agreements with distribution utilities. The current policy of the ERC in the evaluation of rates is to use the cost-based methodology or the reasonable cost of generation. Since the Company as a Wholesale Aggregator, will source energy from different power plants and deliver the same to BATELEC I, the rate structure as embodied in the CSE cannot, at this time, be properly evaluated.

The Company filed Urgent Motions for Re-evaluation and to Hold in Abeyance the implementation of the Order provisionally approving the CSE. The Company argued that the implementation of the provisionally approved rates would not be viable and sustainable in the long run. The Parties are still awaiting resolution by the ERC of the pending Motions.

Due to the urgent need of BATELEC I for a stable supply of electricity and pending ERC's resolution of the Motions, the Parties entered into an interim arrangement to implement the CSE including the rate structure provisionally approved by the ERC for a period of two (2) years from June 26, 2015. Thereafter, one (1) month prior to the end of the two-year period, the Parties shall meet to determine the viability of the provisionally approved rates and to determine whether to terminate or continue with the CSE as provisionally approved, without prejudice to any directive or Order which the ERC may issue resolving the motion of the Company for the re-evaluation of the provisionally approved rates.

ERC is currently re-evaluating the provisionally approved rates. If a higher rate is not issued, the Company will have to re-assess and determine the viability or sustainability of implementing the provisionally approved rates. If the Company finds the provisionally approved rates not sustainable, it may be constrained to invoke its right to terminate the CSE with BATELEC I.

Trans-Asia Oil and Energy Development Corporation v. Commissioner of Internal Revenue
CTA Case No. 9078

The Bureau of Internal Revenue ("BIR") issued on May 27, 2015 a Final Decision on Disputed Assessment ("FDDA"), assessing the Company for deficiency donor's tax in the total amount of Php174,936,138.07, allegedly arising from the Company's distribution of property dividends to its stockholders of record as of August 5, 2013, consisting of 123,161,310 shares of stock of Trans-Asia Petroleum Corporation, pursuant to the Resolution of the Company's Board of Directors dated July 22, 2013.

The Company filed on June 26, 2015 a Petition for Review before the Court of Tax Appeals ("CTA") assailing the assessment for donor's tax on the following grounds: (1) that the distribution of dividends is a distribution of profits, and not a disposition that results in any capital gain on the part the Company, (2) that the Company did not receive any consideration as a result of a dividend distribution, and thus, the Company did not realize any gain or increase of wealth, and (3) that there was no donative intent on the part of the Company when it distributed dividends to its shareholders.

On July 24, 2015, the Company received from the BIR's Large Taxpayers Collection Enforcement Division a Letter dated July 26, 2015, informing the Company that it is among those taxpayers which should be subjected to the immediate issuance of a Warrant of Distraint and/or Levy and Warrants of Garnishment in relation to the assessment for donor's tax. Thus, the BIR demanded that the Company immediately settle the alleged tax liability for donor's tax in order to obviate the issuance of a Warrant of Distraint and/or Levy and Warrants of Garnishment.

The Company filed on July 28, 2015 an Urgent Motion to Suspend Collection of Taxes and for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction ("Motion to Suspend Collection of Taxes"). In its Resolution dated October 12, 2015, the CTA granted the Company's Motion to Suspend Collection of Taxes, and ordered the Company to file either a GSIS bond, or a bond from a reputable surety company duly accredited by the Supreme Court in an amount equivalent to one and one-half (1½) of the disputed assessment. Thus, in compliance with the CTA's requirement, the Company filed on October 29, 2015 Insurance Corporation Appeal Bond No. JCL(2)-00011 / LIC NO. 35371 dated October 20, 2015 issued by Liberty Insurance.

The case is still ongoing. If the CTA rules in favor of the validity of the assessment and holds the Company liable for donor's tax, the Company will have to pay the donor's tax of Php129 M plus interests, penalties and surcharges.

g) ***Relationships and Related Transactions***

Parties are considered to be related if one (1) party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individual or corporate entities.

In the last two (2) years, Trans-Asia has not been a party in any transaction in which a Director or Executive Officer of the Company, any nominee for election as a director, any security holder owning more than ten percent (10%) of the Company's issued and outstanding shares and/or any member of his immediate family had a material interest.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. For year ended December 31, 2015 and 2014, the Company has not recorded any impairment of receivables from receivables owed by the related parties.

The assessment is undertaken each financial year through an examination of the financial position of the related party and the market in which the said party operates.

In the ordinary course of business, Trans-Asia transacts with associates, affiliates, jointly controlled entities and other related parties on advances, loans, reimbursement of expenses, office space rentals, management service agreements and electricity supply.

2015					
Company	**Amount /Volume**	**Nature**	**Outstanding Balance**	**Terms**	**Conditions**
Ultimate Parent					
PHINMA Inc. ***Revenue***	969	Rent and share in expenses	16	30–60 day terms; noninterest-bearing	Unsecured; no impairment
Expenses	73,489	Management fee and share in expenses	(31,698)	30–60 day terms; noninterest-bearing	Unsecured
Payable		Rental deposit	(186)	noninterest-bearing	Unsecured
Joint Venture					
SLTEC ***Revenue***	154,260	Trading revenues, rent and share in expenses	6,624	30 day terms; noninterest-bearing	Unsecured; no impairment
Cost and Expenses	2,338,331	Trading cost	(491,978)	30 day terms; noninterest-bearing	Unsecured
Payable	-	Rental deposit	(590)	Noninterest-bearing	Unsecured
ACTA ***Receivable***	7,537	Advances for future subscriptions	7,537	Noninterest-bearing	Unsecured
Associates					
MGI ***Cost***	772,280	Trading cost	(81,618)	30 day terms; noninterest-bearing	Unsecured; no impairment
Receivable	45,000	Advances for future subscriptions	45,000	Noninterest-bearing	Unsecured
Receivable	300	Reimbursement	-	30–60 day terms; noninterest-bearing	Unsecured; no impairment
Asia Coal ***Payable***	-	Accommodation	(254)	Noninterest-bearing	Unsecured
Other Related Parties					
Phinma, Corp. ***Revenue***	5,387	Cash dividend and share in expenses	-		
Expenses	2,268	Share in expenses	(406)	30 day terms; noninterest-bearing	Unsecured
Payable	9,864	Purchase of dollar & euro	-		

T-O Insurance ***Expenses***	43,500	Insurance	(7,780)	30–60 day terms; noninterest-bearing	Unsecured
Prepaid expenses	47,346	Insurance	(48,889)		
Receivable	185	Refund of overpayment of insurance	-	30–60 day terms; noninterest-bearing	Unsecured; no impairment
PPHC ***Payable***	-	Accommodation	(171)	30–60 day terms; noninterest-bearing	Unsecured
UGC ***Revenues***	3,649	Cash dividend	-		
Emar Corp. ***Revenues***	64	Share in expenses			
Directors ***Expenses***	29,063	Directors' fee and annual incentives	(18,500)	On Demand	Unsecured
Stockholders ***Payable***	194,606	Cash dividend	(11,570)	On Demand	Unsecured
Receivable	-	Withholding tax on property dividend	35	On Demand	Unsecured
Due from related parties			**59,177**		
Receivable from stockholders			**35**		
Due to related parties			**(663,570)**		
Due to stockholders			**(11,570)**		
Accrued directors and annual incentives			**(18,500)**		

2014

Company	Amount/ Volume	Nature	Outstanding Balance	Terms	Conditions
<u>Ultimate Parent</u>					
Phinma, Inc					
Revenues	**₱718**	Rent and share in expenses	**₱40**	30-60 day ,non-interest bearing	Unsecured
Costs and Expenses	**47,213**	Management fees and share in expenses	**(19,046)**	30-day, non-interest bearing	Unsecured
Receivable	**1,988**	Advances	**-**	30-60 day, non-interest bearing	Unsecured, no impairment
<u>Joint Ventures</u>					
SLTEC					
Revenues	**28,210**	Rent and share in expenses	**209**	30-day, non-interest bearing	Unsecured
Cost and Expenses	**174,867**	Trading costs	**(192,354)**	30-day, non-interest	Unsecured

Company	Amount/ Volume	Nature	Outstanding Balance	Terms	Conditions
				bearing	
Payable	**-**	Rental deposit	**(590)**	End of lease term	Unsecured, no impairment
Associate					
Asia Coal					
Payable	**-**	Advances	**(254)**	non-interest bearing	Unsecured, no impairment
MGI					
Costs	**699,933**	Trading cost	**(80,683)**	30-day, non-interest bearing	Unsecured
Other Related Parties					
PPHC					
Payable	**-**	Advances	**(171)**	30-60 day, non-interest bearing	Unsecured, no impairment
Phinma Corp.					
Revenues	**5,390**	Cash dividend and share in expenses	**-**		
Costs and Expenses	**2,247**	Share in expenses	**(159)**	30-day, non-interest bearing	Unsecured
Payable	**141,400**	Advances	-	Interest bearing	Unsecured, no impairment
Union Galvasteel Corp.					
Revenue	**760**	Cash dividend	-	-	-
Asian Plaza Inc.					
Revenue	**942**	Cash dividend	-	-	-
Payable	**94,300**	Advances	-	-	-
T-O Insurance, Inc.					
Costs and Expenses	**111,840**	Insurance expense	**(1,525)**	30-60 day, non-interest bearing	Unsecured
Receivable	**163**	Refund on overpayment	**15**	30-60 day, non-interest bearing	Unsecured , no impairment
Coral Way					
Expenses	**39**	Share in expenses	-	-	-
Directors					
Expenses	**15,797**	Annual incentives	**(12,518)**	On demand	Unsecured
Stockholders					
Payable	**193,562**	Cash dividend	**(9,135)**	On demand	Unsecured
Receivable	**-**	Withholding tax on property dividend	**35**	On demand	Unsecured

Company	Amount/ Volume	Nature	Outstanding Balance	Terms	Conditions
Dues from Related Parties			**264**		
Receivable from Shareholders			**35**		
Dues to Related Parties			**(294,781)**		
Dues to Shareholders			**(9,135)**		
Accrued Director's and Annual Incentives			**(12,518)**		

2013					
Company	**Amount/ Volume**	**Nature**	**Outstanding Balance**	**Terms**	**Conditions**
Ultimate Parent					
Phinma, Inc					
Revenues	**₱812**	Rent and share in expenses	**53**	30-day, non-interest bearing	Unsecured, no impairment
Costs and Expenses	**61,457**	Management fees and share in expenses	**(34,961)**	30-day, non-interest bearing	Unsecured
Joint Ventures					
SLTEC					
Revenues	**2,516**	Rent and share in expenses	**133**	30-day, non-interest bearing	Unsecured, no impairment
Payable	**–**	Rental deposit	**(590)**	End of lease term	Unsecured
Associate					
Asia Coal					
Payable	**–**	Advances	**(254)**	On demand	Unsecured
MGI					
Payable	**731**	Trading cost	**(731)**	30-day, non-interest bearing	Unsecured
Other Related Parties					
PPHC					
Payable	**–**	Advances	**(171)**	On demand	Unsecured
Phinma Corp.					
Cash Dividend	**5,156**	Dividend income	**–**		
Costs and Expenses	**938**	Share in expenses	**(5)**	30-day, non-interest bearing	Unsecured
Payable	**120,000**	Share in expenses	**–**		
***Union Galvasteel Corp*.**					
Cash Dividend	**1,520**	Dividend income	**–**	**–**	**–**
Costs and Expenses	**13**	Roofing materials	**–**	**–**	**–**
Asian Plaza Inc.					
Cash Dividend	**1,319**	Dividend income	**–**	**–**	**–**
Araullo University					
Advances	**3,700**	Advances	**–**	**–**	**–**
***T-O Insurance, Inc*.**					
Costs and Expenses	**56,627**	Insurance expense	**(639)**	30-day, non-interest bearing	Unsecured
Directors					
Expenses	**19,658**	Annual incentives	**(17,973)**	On demand	Unsecured
Stockholders					
Payable	**194,318**	Cash dividend	**(5,851)**	On demand	Unsecured
Payable	**187,218**	Cash and Property Dividend	**(184,597)**	Upon issuance of CAR	Unsecured
Dues from Related Parties			**186**		
Receivable from Shareholders			**19,312**		
Dues to Related Parties			**(37,351)**		
Dues to Shareholders			**(190,448)**		
Accrued Director's and Annual Incentives			**(17,973)**		

Philippine Investment Management (PHINMA), Inc *(PHINMA, Inc.)*

As of December 31, 2015, PHINMA, Inc. directly owns 1,223,188,503 shares of Trans-Asia which represent 25.14% of the Company's total outstanding shares of stock.

Except for Trans-Asia Power Generation Corporation whose contract with PHINMA is up to 2016, the Company and its subsidiaries CIP II Power Corporation, Trans-Asia Renewable Energy Corporation and Trans-Asia Petroleum Corporation have management contracts with PHINMA, Inc. up to 2018, renewable thereafter upon mutual agreement.

Trans-Asia Power Generation Corporation *(TA Power)*

On Dec. 27, 2013, TA Power and Trans-Asia entered into a Power Administration and Management Agreement which gave Trans-Asia the right to administer, sell and dispatch all of the capacity of TA Power for a fixed monthly fee. In addition, Trans-Asia sells electricity to TA Power and leases part of Trans-Asia's office space unto TA Power.

CIP II Power Corporation *(CIP II)*

CIP II and Trans-Asia executed a Power Administration and Management Agreement effective as of June 26, 2013 which gave Trans-Asia the right to administer and manage the entire capacity and net output of CIP II's power plant in Bacnotan, La Union, for a period of ten (10) years. In accordance with the Agreement, Trans-Asia pays CIP II a fixed capacity fee based on the nameplate capacity of CIP II's power plant. Fuel is for the account of Trans-Asia.

One Subic Power Generation Corp*. (OSPGC)*

On April 10, 2014, TA Power purchased the shares of One Subic Power Generation Corp. ("OSPGC"), the lessee and operator of the 116 MW Subic Diesel Generator Power Plant (the "Subic Power Plant"). OSPGC was incorporated and registered with the SEC on August 4, 2010 to engage in the business of owning, constructing, operating, developing and maintaining all types of power generation plants. It started its operation on February 17, 2011. On May 12, 2014, TA Power purchased from Udenna Energy Corporation (UDEC) the entire outstanding shares of stock of OSPGC. Prior to the acquisition, OSPGC was a wholly owned subsidiary of UDEC, a company incorporated and domiciled in the Philippines.

OSPGC has an existing Power Administration and Management Agreement with Trans-Asia under which Trans-Asia is given the right to administer and manage the net output of the Subic Power Plant in consideration of energy fees to be paid by Trans-Asia to OSPGC. The Agreement commenced on December 26, 2012 and shall be effective throughout the term of the lease of the Subic Power Plant from the owner, Subic Bay Metropolitan Authority (SBMA).

The acquisition of OSPGC expanded TA power's existing generation portfolio, adding to the 52MW Bunker C-Fired power plant in Bulacan serving Holcim's Cement Plant.

Maibarara Geothermal Inc. *(MGI)*

Maibarara Geothermal, Inc. (MGI), a joint venture between PetroGreen Energy Corporation (65%), PNOC Renewable Corporation (10%), and the Company (25%), was incorporated and registered with the SEC on August 11, 2010. It is currently operating a 20MW geothermal plant in the Maibarara geothermal field in Santo Tomas, Batangas, which commenced commercial operations in February 2014. The field was discovered by Philippine Geothermal, Inc. in the 1980s. MGI is the first renewable energy undertaking to be declared commercial by the government under the Renewable Energy Act of 2008.

Trans-Asia purchases all of the power generated by MGI's 20 MW Geothermal Plant located in Maibarara.

South Luzon Thermal Energy Corporation *(SLTEC)*

SLTEC is a 50/50 joint venture between the Company and AC Energy Holdings, Inc. (ACEHI). ACEHI is a wholly-owned subsidiary of the Ayala Corporation. The partnership was formed to construct a 2 x 135MW Coal-fired Power Plant in Calaca, Batangas utilizing clean coal technology herein referred to as CFB (Circulating Fluidized Bed) for negligible emissions and minimal environmental impact.

SLTEC leases and occupies part of the office space owned by Trans-Asia. Monthly rent is based on a pre-agreed amount subject to 5% escalation rate per annum. The lease agreement is for a period of 5 years commencing on October 10, 2011.

PHINMA Corporation

As of December 31, 2015, PHINMA Corporation directly owns 1,276,829,198 shares of Trans-Asia which represent 26.24% of the Company's total outstanding shares of stock. Trans-Asia likewise owns shares of stock of PHINMA Corporation and receives cash dividends when such is declared and distributed by PHINMA Corporation.

PHINMA Corporation bills Trans-Asia for its share in internal audit expenses. Like Trans-Asia, PHINMA Corporation is controlled by PHINMA, Inc. through a management contract.

PHINMA Property Holdings Corporation *(PPHC)*

PPHC, like Trans-Asia, is controlled by PHINMA, Inc. through a management contract. As Trans-Asia owns shares of stock of PPHC, it receives cash dividends when such is declared and distributed by PPHC.

Union Galvasteel Corporation (*UGC)* [formerly Atlas Holdings Corporation *(AHC)]*

Like Trans-Asis, UGC is under the control of PHINMA, Inc. The Company owns shares of stock of UGC and receives cash dividends when such is declared and distributed by UGC.

Asian Plaza, Inc.

Asian Plaza, Inc. also has a management contract with PHINMA, Inc. Trans-Asia, being a stockholder of Asian Plaza, Inc., receives cash dividends when such is declared and distributed by Asian Plaza, Inc.

T-O Insurance Brokers, Inc.

T-O Insurance Brokers, Inc. is likewise controlled by PHINMA, Inc. through a management contract. Trans-Asia insures its properties through T-O Insurance Brokers, Inc.

Directors

Trans-Asia recognizes bonuses to Directors computed based on net income before the effect of the application of the equity method of accounting.

In addition to the foregoing, Trans-Asia has provided guarantees for the following related party payables:

Maibarara Geothermal, Inc*. (MGI)*

Trans-Asia is a Project Sponsor for MGI's Php2.4 billion Term Loan Facility for the Maibarara Geothermal Power Plant. In the event of a default of MGI, the Company, as Project Sponsor, is obliged to:

a. Assign, mortgage or pledge all its right, title and/or interest in and its shares of stock in MGI, including those that may be issued in the name of the Company;

b. Assign its rights and/or interests in the Joint Venture Agreement executed by and among the Company, PetroGreen Energy Corporation and PNOC-Renewables Corporation; and

c. Provide Project Sponsor support for the completion of the Project under such terms and conditions that may be agreed upon by the Company and the Lenders

<u>South Luzon Thermal Energy Corporation *(SLTEC)*</u>

SLTEC signed an Omnibus Loan and Security Agreement with its local third party creditor banks with Trans-Asia and AC Energy as Project Sponsors. Under the terms of the Agreement, Trans-Asia shall:

a. Enter into supply agreements with end users sufficient to cover such capacity required by SLTEC to break-even for 2 years within 18 months from first drawdown. The consequence of failure is a draw-stop (i.e. SLTEC will not be able to draw on the loan);

b. Commit to provide advances to SLTEC in proportion to the Company's equity interest in SLTEC to fund the project cost of the SLTEC power plant project;

c. Guarantee jointly with AC Energy to redeem the loan in the event that SLTEC defaults on the loan, and lenders are not able to consolidate title to the project site because title to the properties have not been issued; and

d. Pledge its shares in SLTEC as security, and assign its offtake contracts to the lenders sufficient to cover such capacity required by SLTEC to break-even.

<u>Trans-Asia Renewable Energy Corporation *(TAREC)*</u>

Under the Sponsor Support Agreement which forms Part G of the Omnibus Agreement dated December 18, 2013 which was entered into by and among Trans-Asia Renewable Energy Corporation (TAREC) as Borrower, Security Bank Corporation – Trust Division as Facility Agent for the lenders and Collateral Trustee for the secured parties, and Trans-Asia as Sponsor, the Company undertakes to provide:

a. Base Equity Contribution – an amount equivalent to 30% of the cost of the San Lorenzo Wind Farm Project (the "Project") in San Lorenzo, Guimaras which the Company as Sponsor must infuse into the Project.

b. Cost Overrun Support – the obligation to deposit and pay or cause to be deposited and paid in cash the amounts needed to cover any cost overruns in respect of the Project at any time from Closing Date until the Takeover Date, including all funding required to enable the Project to achieve the Commercial Operations Date.

c. Technical Support – all necessary support and assistance including by way of the provision of personnel, expertise, know-how, professional managerial services, technology or specialized equipment in order to assist TAREC in completing the Project in accordance with Project requirements.

d. DSRA Funding Obligation – the amount required to ensure that the Debt Service Reserve Account is equal to the then applicable Required Debt Service Reserve Amount until TAREC obtains a DOE Certificate of Endorsement for FIT Eligibility and a Renewable Energy Payment Agreement for the entire electricity output of the Project.

e. Sponsor Mandatory Redemption Obligation – right of the Lenders to require the Company to pay the outstanding loan amount, including interest, and all other amounts payable by TAREC in case that, at the time of the issuance of a Declaration of Default, titles to all of the land assets have not been acquired by or issued in the name of TAREC; or if, notwithstanding the acquisition or issuance of titles in the name of TAREC, the Collateral Trustee, or the winning bidder in the foreclosure sale fails or is otherwise unable to obtain legal, indefeasible, and incontestable title to the land assets or any portion thereof by reason of TAREC's failure to register and annotate the mortgage on the relevant titles or a claim registered or filed by a claimant.

h) ***Elections of Directors***

The Directors of Trans-Asia are elected at the Annual Stockholders Meeting to hold office for one (1) year and until their respective successors have been elected and qualified.

After having conducted the nominations for purposes of the election of Directors and after pre-screening the qualifications of the nominees, the Nomination Committee has submitted the following list of candidates who qualify for election to the Board of Trans-Asia at the forthcoming Annual Stockholders Meeting on April 12, 2016:

1. Oscar J. Hilado
2. Ramon R. del Rosario, Jr.
3. Francisco L. Viray
4. Roberto M. Laviña
5. Magdaleno B. Albarracin, Jr.
6. Victor J. del Rosario
7. Pythagoras L. Brion, Jr.
8. Ricardo V. Camua (Independent)
9. David L. Balangue (Independent)
10. Guillermo D. Luchangco (Independent)
11. Corazon de la Paz - Bernardo (Independent)

The foregoing persons were nominated by Mr. Oscar J. Hilado. Mr. Hilado is not related to any of the director-nominees, either by consanguinity or affinity.

The securities owned by the nominees as of March 18, 2016 are as follows:

Title of Class	Name of Owner	Citizenship	No. of Shares Held	Nature	% of Class
Common	Oscar J. Hilado	Filipino	4,500,000	Direct	0.09
Common	Ramon R. del Rosario, Jr.	Filipino	17,003,697	Direct	0.9
			26,745,698	Indirect	
Common	Francisco L. Viray	Filipino	10,495,500	Direct	0.23
			614,000	Indirect	
Common	Roberto M. Laviña	Filipino	3,712,724	Direct	0.08
Common	Guillermo D. Luchangco	Filipino	1	Direct	0.00
Common	Magdaleno B. Albarracin, Jr.	Filipino	12,372,926	Direct	0.25
Common	Corazon de la Paz Bernardo	Filipino	1	Direct	0.00
Common	Ricardo V. Camua	Filipino	1,050,000	Direct	0.02
Common	Victor J. del Rosario	Filipino	3,620,362	Direct	0.62
			26,745,698	Indirect	
Common	David L. Balangue	Filipino	1,610,001	Direct	0.03
Common	Pythagoras L. Brion, Jr.	Filipino	668,724	Direct	0.01

The Board of Directors has no reason to believe that any of the nominees will be unwilling or unable to serve if re-elected as a director.

The Company's Nomination Committee is composed of the following:

a.	Mr. Ramon R. del Rosario, Jr.	Chairman
b.	Mr. Raymundo O. Feliciano, Sr.	Member
c.	Mr. Oscar J. Hilado	Member

i) ***<u>Independent Directors</u>***

On February 11, 2005, SEC approved the Amended By-Laws of Trans-Asia to incorporate a provision regarding the nomination and election of the Company's independent directors in accordance with the guidelines laid down by SRC Rule 38.

The incumbent independent directors of the Company are as follows:

1. Mr. Raymundo O. Feliciano, Sr.
2. Mr. Ricardo V. Camua
3. Mr. David L. Balangue
4. Mr. Guillermo D. Luchangco

The independent directors were nominated by Mr. Oscar J. Hilado. Mr. Hilado is not related any of the independent directors either by consanguinity or affinity.

The independent directors were pre-screened and qualified in accordance with the Company's By-Laws and Manual on Good Corporate Governance, the guidelines under SRC Rule 38 and SEC Memorandum Circular No. 16, Series of 2002 on Independent Directors.

The independent directors are not officers or substantial shareholders of Trans-Asia. Neither are they related by consanguinity or affinity to any of the members of the Company's Nomination Committee.

j) ***<u>Parent Company of the Registrant</u>***

The parent company of Trans-Asia is PHINMA, Inc. The Company has a management contract with PHINMA, Inc. up to August 31, 2018, renewable thereafter upon mutual agreement. Under the contract, PHINMA, Inc. has general management authority with corresponding responsibility over all operations and personnel of Trans-Asia, including planning, direction, and supervision of all the operations, sales, marketing, distribution, finance, and other business activities of the Company.

6) Compensation of Directors and Executive Officers

For the calendar years ended December 31, 2015, 2014 & 2013, the total salaries, allowances and bonuses paid to the Directors and Executive Officers of Trans-Asia as well as the estimated compensation of the Company's Directors and Executive Officers for calendar year 2015 are as follows:

Name/Position	Year	Salaries	Bonus	Others
CEO and Top 4 Most Highly Compensated Executive Officers (Total Compensation)				
Francisco L. Viray, *President and CEO*				
Ramon R. del Rosario, Jr, *Vice Chairman*				
Pythagoras L. Brion, Jr., *SVP & CFO*				
Rizalino G. Santos, *SVP – Power Business*				
Mariejo P. Bautista, *SVP – Finance & Controller*				

Estimated	2016	29,518,125	-	540,000
	2015	28,112,500	20,722,847	500,000
	2014	27,205,843	4,190,657 (a)	408,000
	2013	23,053,784	6,491,520 (b)	516,000

All Other Officers and Directors as a Group (Total Compensation)

Unnamed (Estimated)	2016	11,967,813	-	2,254,000
	2015	10,180,170	22,389,920	2,015,941
	2014	12,449,662	11,347,734	1,888,000
	2013	13,258,408	18,498,554 (a)	2,812,680

(a) Includes bonus accrued in 2013 but paid in 2014.
(b) Includes bonus accrued in 2012 but paid in 2013.

a) Compensation of Directors

The Directors receive allowances, per diem and bonuses based on a percentage of the net income of Trans-Asia for each fiscal year.

There are no other existing arrangements/agreements to which said Directors are to be compensated during the last completed fiscal year and the ensuing year.

b) Employment Contracts and Termination of Employment and Change-in-Control Arrangements

Under Trans-Asia's By-Laws, the Officers of the Company shall hold office for one (1) year and until their successors are chosen and qualified in their stead. Any Officer elected or appointed by the majority of the Board of Directors may be removed by the affirmative vote of the Board of Directors.

Trans-Asia does not have written contracts with any of its Executive Officers or other significant employees.

c) Compensatory Plan or Arrangement

The compensation received by Officers who are not members of the Board of Directors of Trans-Asia consist of salaries, bonuses and other benefits.

All permanent and regular employees of the Company and its subsidiaries are covered by the PHINMA Group retirement plan (the "Plan"). The Plan provides benefits upon normal retirement beginning at age sixty (60), early retirement beginning at age fifty (50) with completion of at least ten (10) years of service, voluntary separation beginning upon completion of at least ten (10) years of service, total and physical disability, death and involuntary separation. The benefits are based on the employee's final monthly basic salary and length of service.

d) Warrants and Options Outstanding

On April 2, 2007, the Board of Directors and stockholders granted Trans-Asia authority to set aside a total of one hundred million (100,000,000) shares from the unsubscribed portion of the Company's authorized shares for the following purposes and under terms and conditions as determined by the Executive Committee of the Board of Directors:

a. Stock grants to Officers and managers of the Company; and
b. Stock options for Directors, Officers and employees of the Company and its subsidiaries and affiliates for the purposes.

On January 8, 2008, the SEC approved the Company's Executive Stock Grants Plan and Stock Option Plan.

The Executive Stock Grants Plan is available to all Officers of Trans-Asia and its subsidiaries, including unclassified managers. Upon achievement of the Company's goals and the determination of any variable compensation, twenty percent (20%) of the variable compensation of the Officers or managers who are entitled to avail of the Executive Stock Grants Plan are given in the form of Trans-Asia's shares with a twenty percent (20%) discount on the weighted average closing price for twenty (20) trading days before the date of the grant but not lower than the par value of P1.00 per share. The first stock grants were subject to a holding period of one (1) year for the first one-third (1/3) of the shares, two (2) years for the next one-third (1/3) of shares and three (3) years for the remaining one-third (1/3) of the shares. Succeeding stock grants are subject to a holding period of three (3) years.

The Stock Option Plan is available to all Directors, and permanent Officers and employees of Trans-Asia and its affiliates/subsidiaries. Employees may purchase up to thirty-three percent (33%) of their allocated shares within the first year of the grant, up to sixty-six percent (66%) on the second year of the grant, and up to one hundred percent (100%) on the third year of the grant, in cash at the weighted average closing price for twenty (20) trading days prior to date of grant but not lower than the par value of P1.00 per share

On May 7, 2008, Trans-Asia's Stock Option Committee suspended the implementation of the Stock Option Plan. As of December 31, 2012, 2011 and 2010, no stock options were granted or awarded to any of the Directors, Officers and employees of the Company. On July 22, 2013, the Company lifted the suspension and awarded additional options under the Stock Option Plan.

The table below shows the allocation of shares for the Stock Option Plan:

1. CEO & Executive Officers		
Oscar J. Hilado	Chairman	3,000,000
Francisco L. Viray	President & CEO	3,000,000
Ramon R. Del Rosario, Jr.	Vice-Chairman	2,500,000
Roberto M. Laviña	SEVP / Treasurer	2,500,000
Raymundo A. Reyes, Jr.	SVP – Energy Resources Development	1,750,000
Rizalino G. Santos	SVP – Power Business	1,750,000
Total		**14,500,000**
2. All executive officers as a group		
Various		9,225,000
3. All directors as a group who are not executive officers		
Various		10,500,000
4. All other employees as a group		
Various		7,865,303
GRAND TOTAL		**42,090,303**

7) Appointment of External Auditors

The Audit Committee of Trans-Asia proposed that the accounting firm of SyCip Gorres Velayo & Co. (SGV) be retained as the Company's external auditor for the year 2016. The members of the Audit Committee are as follows:

a.	Mr. David Balangue	Chairman
b.	Mr. Roberto M. Laviña	Member
c.	Mr. Victor J. del Rosario	Member
d.	Mr. Ricardo V. Camua	Member

SGV has been Trans-Asia's Independent Public Accountant since 1969. The Audit Committee, the Board of Directors and the stockholders of Trans-Asia approved the engagement of SGV as the Company's external auditor for 2015. The services rendered by SGV for the calendar year ended December 31, 2015 included the examination of the parent and consolidated financial statements of the Company, assistance in the preparation of the Company's annual income tax return, and other services related to filing of reports made with the SEC.

Ms. Marydith C. Miguel was the engagement partner for calendar Year 2015. Ms. Miguel who is an SEC accredited auditing partner of SGV also conducted the audit for Calendar Year 2014, which was the first year of her engagement as the Company's signing partner.

During the past five (5) years, there has been no event in which Trans-Asia and SGV had any disagreement with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedures.

Trans-Asia has complied with SRC Rule 68, paragraph 3(b)(ix) which requires the rotation of external auditors or signing partners every five (5) years of engagement and the mandatory two-year cooling-off period for the re-engagement of the same signing partner or individual auditor.

The external auditors for the current year and for the most recently completed fiscal year are expected to be present at the Annual Stockholders meeting and to answer any question. They are likewise given an opportunity to give statements if they desire to do so.

8) Audit and Audit-Related Fees

Trans-Asia paid SGV the amount of ₱1,250,000.00, ₱1,200,000, and ₱1,200,000 for calendar years 2015, 2014 and 2013, respectively, for professional services rendered for the audits of the Company's annual financial statements and for services that are normally provided by external auditors in connection with statutory and regulatory filings or engagement. There were no other services rendered or fees billed for products and services provided by SGV.

The Audit Committee discusses the nature and scope of the audit with the external auditor before the audit commences. It pre-approves audit fees, plans, scope and frequency one (1) month before the conduct of external audit. It evaluates and determines non-audit work by the external auditor and reviews the non-audit fees paid to the external auditor, both in relation to their significance to the audit and in relation to the Company's total expenditure on consultancy.

9) Financial and Other Information

The Management's Discussion and Analysis or Plan of Operations and Trans-Asia's Audited Financial Statements as of December 31, 2015 are attached hereto as Annexes "D" and "E." The Annual Report for the said period will be distributed to stockholders of record during the Annual Meeting.

The complete record of the attendance of each Director in meetings of the Board of Directors during the calendar year 2015 is presented in Annex "A".

THE ANNUAL REPORT ON SEC FORM 17-A FOR THE YEAR ENDED DECEMBER 31, 2015 WILL BE AVAILABLE UPON REQUEST OF STOCKHOLDERS. THE REQUEST MAY BE SENT DIRECTLY TO THE CORPORATE SECRETARY, ATTY. JUAN J. DIAZ, WITH OFFICE AT LEVEL 11, PHINMA PLAZA, 39 PLAZA DRIVE, ROCKWELL CENTER, MAKATI CITY AND A COPY WILL BE SENT, FREE OF CHARGE.

10) Dividends

There is no restriction on payment by Trans-Asia of dividends other than the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declaration.

Trans-Asia declares cash or stock dividends to its common shareholders on a regular basis in amounts determined by the Board of Directors taking into consideration the results of the Company's operations, its cash position, investments and capital expenditure requirements, and unrestricted retained earnings. The Company also declare special cash dividends where appropriate.

Dividends declared and paid from 2013 to 2015 are as follows:

	Dividend			
Date of Declaration	**Type**	**Rate**	**Record Date**	**Payment Date**
March 21, 2013	Cash	0.04 per share	April 8, 2013	May 6, 2013
July 22, 2013	Property	2.55 per 100 shares	August 5, 2013	August 20, 2014
July 22, 2013	Cash	0.013 per share	August 5, 2013	August 20, 2014
March 24, 2014	Cash	0.04 per share	April 7, 2014	May 7, 2014
February 23, 2015	Cash	0.04 per share	March 9, 2015	March 25, 2015

At the regular meeting of the Board of Directors on February 23, 2016, Trans-Asia declared a cash dividend of ₱0.04 per share, payable on March 25, 2016 to all shareholders of record as of March 9, 2016.

As of December 31, 2015, Trans-Asia's retained earnings amounted to ₱ 2.85 billion, of which ₱ 935.64 million were equity in net earnings of investee companies that are not available for dividend declaration.

11) Action with Respect to Minutes of Previous Meeting

At the last Annual Stockholders Meeting held on April 7, 2015, the President and CEO reported the operations of the Corporation through an audio-visual presentation. The Senior Vice President and Chief Financial Officer reported the financial results for the Calendar Year 2014. The following matters were likewise presented and approved by the stockholders during the said meeting:

a. Minutes of the previous Annual Stockholders Meeting
b. Annual Report of Management including the Audited Financial Statements for the year ended December 31, 2014 and confirmation of all acts of the Board of Directors and Management since the last Annual Stockholders meeting
c. Election of eleven (11) Directors including four (4) independent directors for the ensuing year
d. Amendment of the Articles of Incorporation to state the precise address of the principal office of the Company in compliance with the requirements of the SEC
e. Appointment of external auditor for the year ending on December 31, 2015

For the Annual Stockholders Meeting on April 12, 2016, the President will report on the performance of the Company in 2015. The following matters will also be presented for the consideration of the stockholders at such meeting:

a. Minutes of the previous Annual Stockholders Meeting (see Annex "B")
b. Annual Report of Management including the Audited Financial Statements for the year ended December 31, 2015 and Confirmation of all acts of the Board of Directors and of Management since the last Annual Stockholders Meeting (see Annexes "C" and E)
c. Election of eleven (11) Directors including four (4) independent directors for the ensuing year
d. Amendment of the Articles of Incorporation and By-Laws to change the name of the Company to "PHINMA Energy Corporation"
e. Amendment of the By-Laws to state the precise address of the principal office of the Company
f. Amendment of the Articles of Incorporation to extend the Company's term of existence
g. Appointment of external auditor

The approval of the Minutes of the previous Annual Stockholders Meeting, the approval of Annual Report of Management including the Audited Financial Statements for the year ended December 31, 2015, the Confirmation of all acts of the Board of Directors and of Management since the last Annual Stockholders Meeting, the election of Directors, and the approval of the appointment of the Company's external auditor shall require the affirmative vote or written assent of a majority of the stockholders entitled to vote during the Annual Stockholders Meeting.

However, the approval of the Amendment of the Articles of Incorporation and By-Laws to change the name of the Company to "PHINMA Energy Corporation", the approval of the Amendment of the By-Laws to state the precise address of the principal office of the Company, and the approval of the Amendment of the Articles of Incorporation to extend the Company's term of existence shall require the affirmative vote or written assent of stockholders representing at least two-thirds (2/3) of the outstanding capital stock, without prejudice to the appraisal right of dissenting stockholders in connection with the proposed extension of the Company's term of existence.

12) Compliance with the Company's Manual on Good Corporate Governance

A discussion of Trans-Asia's compliance with its Manual on Good Corporate Governance may be found in "Annex A."

13) Amendment of the Articles of Incorporation and By-Laws to change the name of the Company to "PHINMA Energy Corporation"

The Board of Directors approved, subject to shareholders' approval, the amendment of Article First of the Articles of Incorporation and of the caption of the By-Laws to change the name of the Company to "PHINMA Energy Corporation." The proposed new name shall be presented to the shareholders for consideration and approval.

14) Amendment of the By-Laws to state the precise address of the principal office of the Company

On July 3, 2015, the SEC approved, subject to shareholders' approval, the amendment of the Company's Articles of Incorporation in order to state the precise address of the principal office. In line with this, the Board of Directors approved the amendment of Article I of the By-Laws to state that the principal office of the Company is at Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City. The amendment shall be submitted for the consideration and approval of the stockholders.

15) Amendment of the Articles of Incorporation to extend the Company's term of existence

The corporate term shall expire on September 8, 2019. In view thereof, the Board of Directors approved, subject to shareholders' approval, the amendment of Article Fourth of the Company's Articles of Incorporation to extend the corporate term for another fifty (50) years from and after September 8, 2019. The amendment shall be submitted for the consideration and approval of the stockholders.

16) Voting Procedures

For the election of Directors, each shareholder is entitled to one (1) vote per share multiplied by the number of board seats provided in the Articles of Incorporation (i.e. eleven (11)). Cumulative voting is allowed for election of members of the Board of Directors. Each stockholder may vote the number of shares of stock outstanding in his own name as of the record date of the meeting for as many persons as there are directors to be elected or he may cumulate said shares and give one (1) candidate as many votes as the number of Directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of Trans-Asia multiplied by the whole number of Directors to be elected and provided, however, that no delinquent stock shall be voted.

Except for the amendment of the Company's Articles of Incorporation which require the vote or written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock, all other matters in the Agenda that require corporate action will require the affirmative vote of a majority of the issued and outstanding shares of the Company's common stock present and represented and entitled to vote at the Meeting. Because abstentions with respect to any matter are treated as shares present and represented and entitled to vote for purposes of determining whether that matter has been approved by the stockholders, abstentions have the same effect as negative votes. Broker non-votes and shares as to which proxy authority has been withheld with respect to any matter are not deemed to be present or represented for purposes of determining whether stockholder approval of that matter has been obtained.

Items requiring the vote of stockholders will be presented for approval of the stockholders at the meeting. Voting shall be by raising of hands or *viva voce*; otherwise, voting shall be done in writing by secret ballot and counted thereafter by the Corporate Secretary in the presence of SGV to be able to validate the counting.

(*Remainder of Page Intentionally Left Blank)*

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on March 18, 2016.

TRANS-ASIA OIL & ENERGY DEVELOPMENT CORP.
Issuer
March 18, 2016

By:

ALAN T. ASCALON
Assistant Corporate Secretary

ANNEX A

CORPORATE GOVERNANCE

The Board of Directors, officers and employees of Trans-Asia Oil and Energy Development Corporation ("Trans-Asia" or the "Company") commit themselves to the principles and best practices embodied in its Manual on Good Corporate Governance. Trans-Asia believes that good corporate governance is a necessary component of what constitutes sound strategic business management and will therefore exert every effort to ensure adherence thereto within the organization.

Compliance Officer

The Board of Directors designates a Compliance Officer who reports to the Chairman of the Board. As required of publicly-listed companies, the appointment of the Compliance Officer is properly disclosed to the Securities and Exchange Commission (SEC).

The duties of the Compliance Officer include monitoring the Company's compliance with the provisions and requirements of the Revised Code of Corporate Governance, identifying compliance risks, determining violations by the Company of the Revised Code of Corporate Governance and, if necessary, recommending appropriate disciplinary actions therefor.

Annual Corporate Governance Report

On January 5, 2015, as required by the SEC under SEC MC No. 12, Series of 2014, the Compliance Officer submitted to the SEC the Consolidated Changes in the Annual Corporate Governance Report (the "ACGR") for Calendar Year 2014.

Updates and changes to the ACGR for the Calendar Year 2015 were subsequently submitted to the SEC on April 7, 2015, July 27, 2015, August 25, 2015 and October 15, 2015. Consolidated Changes in the ACGR for the Calendar Year 2015 was submitted to the SEC on January 11, 2016.

As of December 31, 2015, Trans-Asia has complied with the principles and best practices contained in the Manual on Good Corporate Governance. There were no sanctions imposed on any director, officer or employee of the Company for non-compliance of the Manual.

Compliance Report

As required by the Philippine Stock Exchange (PSE), the Compliance Officer submitted last March 26, 2015, a Compliance Report on Corporate Governance for the year 2014. For the said year, Trans-Asia has complied with all guidelines of the Compliance Report.

For the year 2015, the report is due on March 31, 2016.

Board of Directors

Composition

The Board of Directors consists of eleven (11) members who are nominated and elected in accordance with Trans-Asia's By-Laws.

In compliance with the requirements of the SEC for publicly-listed corporations, the Company's Board of Directors includes four (4) independent directors. The independent directors are not officers or substantial shareholders of Trans-Asia and have no interests or relationships with the Company that may hinder their independence from the Company or Management which would interfere with their exercise of independent judgment in carrying out their responsibilities as directors.

In order that no Director or small group of Directors can dominate the decision-making process, the members of the Trans-Asia's Board of Directors is made up of executive and non-executive directors.

The Board of Directors held ten (10) regular meetings, three (3) special meetings and one (1) organizational meeting during the period from January 2015 to March 2016. The details of the matters taken up during the said meetings of the Board of Directors are set forth in Annex "C" of this Definitive Information Statement.

The attendance of the Directors in the meetings Board of Directors during the period from January 2015 to March 2016 is as follows:

	Special BOD Meeting 2/3/2015	Regular BOD Meeting 2/23/2015	Special BOD Meeting 3/16/2015	Organizational BOD Meeting 4/7/2015	Regular BOD Meeting 4/7/2015	Special BOD Meeting 6/10/2015	Regular BOD Meeting 7/27/2015	Regular BOD Meeting 8/26/2015	Regular BOD Meeting 9/28/2015	Regular BOD Meeting 11/4/2015	Regular BOD Meeting 11/23/2015	Regular BOD Meeting 12/8/2015	Regular BOD Meeting 1/25/2016	Regular BOD Meeting 2/23/2016
Mr. Oscar J. Hilado, Chairman	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Mr. Ramon R. del Rosario, Jr.	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Dr. Francisco L. Viray	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Mr. Victor J. del Rosario	P	P	P	P	P	P	P	P	P	A	P	P	P	P
Dr. Magdaleno B. Albarracin, Jr.	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Mr. Raymundo O. Feliciano	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Mr. Roberto M. Laviña	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Mr. Ricardo V. Camua	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Mr. David L. Balangue	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Mr. Guillermo D. Luchangco	P	P	P	P	P	P	P	A	P	A	P	P	P	P
Mr. Pythagoras L. Brion, Jr.	P	P	P	P	P	P	P	P	P	P	P	P	P	P

Legend:
P- Present
A- Absent

Board Committees

To help Trans-Asia comply with the principles of good corporate governance, the Company's Board of Directors constitutes committees which directly report to the Board of Directors in accordance with duly approved procedures.

For 2015, the board committees and their members are as follows:

Directors	Board Committees			
	Nomination	Compensation	Audit	ExCom
Mr. Oscar J. Hilado, Chairman	M	C		M
Mr. Ramon R. del Rosario, Jr.	C	M		C
Dr. Francisco L. Viray				M
Mr. Victor J. del Rosario			M	
Dr. Magdaleno B. Albarracin, Jr.				M
Mr. Raymundo O. Feliciano	M			
Mr. Roberto M. Laviña			M	
Mr. Ricardo V. Camua			M	
Mr. David L. Balangue		M	C	
Mr. Guillermo D. Luchangco				M
Mr. Pythagoras L. Brion, Jr.				

Nomination Committee

The Nomination Committee of Trans-Asia is composed of three (3) Directors, one (1) of whom is an independent director.

The Nomination Committee pre-screens and shortlists all nominees who are qualified for election to Trans-Asia's Board of Directors in accordance with the qualification and disqualification guidelines as specified in the Company's Manual on Corporate Governance.

After having conducted the nominations for purposes of the election of Directors and after pre-screening the qualifications of the nominees, the Nomination Committee has submitted the following list of candidates who qualify for election to the Board of Trans-Asia at the forthcoming Annual Stockholders Meeting on April 12, 2016:

1. Oscar J. Hilado
2. Ramon R. del Rosario, Jr.
3. Francisco L. Viray
4. Roberto M. Laviña
5. Magdaleno B. Albarracin, Jr.
6. Victor J. del Rosario
7. Pythagoras L. Brion, Jr.
8. Ricardo V. Camua (Independent)
9. David L. Balangue (Independent)
10. Guillermo D. Luchangco (Independent)
11. Corazon Dela Paz Bernardo (Independent)

Compensation Committee

The Compensation Committee of Trans-Asia is composed of three (3) Directors, one (1) of whom is an independent director.

The duties and responsibilities of the Compensation Committee include establishing policies on executive remuneration, ensuring that compensation within Trans-Asia is consistent with the Company's culture, strategy and environment, strengthening policies on conflict of interest, salaries and benefits, and ensuring compliance by the Company with statutory requirements.

There was no Compensation Committee meeting held in 2015 and none was required.

Audit Committee

The Audit Committee of Trans-Asia is composed of four (4) Directors, two (2) of whom are independent directors. An independent director chairs the Audit Committee.

The Audit Committee has accounting expertise and possesses adequate understanding of the Company's business and the industry in which it operates. The roles and responsibilities of the Committee are defined in the Audit Committee Charter approved by the Board of Directors. The Committee assists the Board of Directors in fulfilling fulfill its oversight responsibility to the shareholders in relation to the Company's financial statements and financial reporting process, internal control system, internal and external auditor's performance, risk management, and compliance with legal and regulatory matters.

The Audit Committee had five (5) meetings during the period from January 2015 to March 2016. The attendance of the Committee members in the said meetings are as follows:

	Audit Committee Meeting 2/23/2015	Audit Committee Meeting 5/13/2015	Audit Committee Meeting 7/23/2015	Audit Committee Meeting 10/22/2015	Audit Committee Meeting 2/19/2016
Mr. David L. Balangue	P	P	P	P	P
Mr. Ricardo V. Camua	P	P	P	P	P
Mr. Victor J. del Rosario	P	P	A	P	P
Mr. Roberto M. Laviña	P	A	P	P	P
Legend:					
P- Present					
A- Absent					

The meetings were timed to review the quarterly and yearly financial reporting of the Company. The Committee also reviewed the results of the annual audit of the external auditor, the findings and status of the Group Internal Audit's engagements, the status of Business Resiliency activities and the 2014 Audit Committee Report.

The Audit Committee proposed to the Board of Directors that SyCip Gorres Velayo & Co. (SGV) be retained as the Company's external auditor for 2015. The Committee likewise endorsed to the Board of Directors the nomination of SGV as the Company's external auditor for 2016.

External Auditor

The External Auditor contributes to the enforcement of good corporate governance by conducting an independent examination of the financial records and reports of Trans-Asia. On April 7, 2015, the stockholders approved the appointment of SGV as the Company's external auditor.

Trans-Asia complies with SRC Rule 68, paragraph 3(b)(ix) which requires the rotation of external auditors or signing partners every five (5) years of engagement and the mandatory two-year cooling-off period for the re-engagement of the same signing partner or individual auditor.

The engagement partner who conducted the audit for the calendar year 2015 is Ms. Marydith C. Miguel, an SEC-accredited auditing partner of SGV. This is Ms. Miguel's third year as engagement partner for the Company.

Following are the fees for professional services rendered by SGV for the past 3 years:

Year	Audit Fees (Php)
2015	1,250,000
2014	1,200,000
2013	1,200,000

Internal Audit

Trans-Asia Oil has an independent Internal Audit organization that reports directly to the Board of Directors, through the Audit Committee, and administratively to Senior Management. The Group Internal Audit (GIA) team provides Trans-Asia Oil with professional assurance services that are designed to add value and improve operations. Consistent with its thrust to become better business partners, GIA helps Trans-Asia Oil and Energy Development Corporation accomplish its objectives by bringing a systematic and disciplined approach to evaluating and improving the effectiveness of Trans-Asia Oil's risk management, control and governance process.

To ensure the independence of GIA, the Audit Committee reviewed and approved the GIA Charter which outlines internal audit's purpose, reporting relationships, authorities and responsibilities. Through this Charter, the internal auditors are kept free from interference by any element in the organization in matters of audit selection, scope, procedures, frequency, timing, or report content. Likewise, members of GIA do not have any direct operational responsibility or authority over any of the activities audited and, as such, are further prohibited from implementing internal controls or engaging in any other activity that may impair the auditor's judgment.

In 2015, GIA conducted examinations of the following: onsite review of San Lorenzo Wind Farm, CIP II Power-La Union and Guimaras Power Plant. Based on the results of these reviews, Group Internal Audit reported that overall controls are adequate and effective.

Disclosure and Transparency

In addition to submitting annual and quarterly financial information and other statutory requirements, Trans-Asia promptly discloses to the SEC and the PSE all material information such as key results of operations, execution of contracts, declaration of dividends and investments, among others. Such disclosures are promptly uploaded to the Company's website for the benefit of the investing public.

Code of Conduct

The Code of Conduct of Trans-Asia contains policies on professional decorum, conflict of interest and penalties for violations.

Employees are required to always act in the best interest of the Company. As a matter of policy, every employee and officer of Trans-Asia is directed to avoid any situation that could interfere or appear to interfere with his independent judgment in performing his duties. The policy also prohibits employees from using his official position to secure a contract of employment for a related party, soliciting gifts or any property for personal gain from any individual or organization that deals with the Company and using company information for personal gain. No employee may engage in any business or undertaking that is indirectly or directly in competition with or prejudicial to the interests of the Company.

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION
MINUTES OF THE 45th ANNUAL MEETING OF THE SHAREHOLDERS

Held on 7 April 2015
At the Manila Peninsula Hotel, Makati City

1. CALL TO ORDER

The Chairman called the meeting to order at 2:00 p.m. and presided thereat. The Corporate Secretary recorded the minutes of the proceedings. Before the meeting began, the Chairman introduced the members of the Board of Directors and executive officers.

2. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary certified that notices of the meeting were duly sent to all the shareholders of record and that the owners of 3,260,505,828 shares representing 67.01% of the entire issued and outstanding capital stock of the Corporation were present in person or by proxy as attested by Stock Transfer Service, Inc., an independent third party stock transfer agent appointed by the Corporation to count and validate the attendance of shareholders and represented by Mr. Antonio M. Laviña (President), Mr. Zaldy Adana (Securities Processor), Mr. Bryan Manuel (Securities Processor) and Ms. Kathlyn Flaminiano (Securities Processor).

The Corporation's external auditor, SyCip Gorres Velayo & Co. (SGV) was present at the meeting, represented by Mr. Ramon D. Dizon (Partner), Ms. Marydith Miguel (Partner), Ms. Pilar Hernandez (Senior Director) and Ms. Jonalyne Lansangan (Associate Director).

Except for Director David L. Balangue (Independent Director/Audit Committee Chairman/Compensation Committee Member), all members of the Board were in attendance at the meeting as follows:

Oscar J. Hilado	Chairman/Compensation Committee Chairman/ Executive Committee Member/Nomination Committee Member
Ramon R. del Rosario, Jr.	Vice Chairman/ Executive Committee Chairman/ Nomination Committee Chairman/Compensation Committee Member
Magdaleno B. Albarracin, Jr.	Non-executive Director/Executive Committee Member
Francisco L. Viray	Executive Director/Executive Committee Member/President and CEO
Roberto M. Laviña	Executive Director/Audit Committee Member/SEVP/Treasurer
Victor J. del Rosario	Non-executive Director/Audit Committee Member
Pythagoras L. Brion, Jr.	Executive Director/SVP & CFO
Raymundo O. Feliciano	Independent Director/Nomination Committee Member
Ricardo V. Camua	Independent Director/Audit Committee Vice Chairman
Guillermo D. Luchangco	Independent Director/Executive Committee Member

Also present at the meeting were the following officers:

Juan J. Diaz	Corporate Secretary
Virgilio R. Francisco, Jr.	Sr. Vice President
Raymundo A. Reyes, Jr.	Sr. Vice President-Energy Resources Development
Cecille B. Arenillo	Vice President and Compliance Officer
Mariejo P. Bautista	Vice President-Controller
Danilo L. Panes	Asst. Vice President-Renewable Energy
Alan T. Ascalon	Asst. Vice President/Asst. Corp. Secretary

3. MINUTES OF PREVIOUS MEETING

The Minutes of the previous Annual Meeting held on 24 March 2014 having been fully disclosed to all shareholders, a motion was made to dispense with the reading of the same and to approve the Minutes as distributed to the shareholders. The motion having been duly seconded and there being no objection to the motion, the approval of the Minutes of the previous Annual Meeting was put to a vote.

A total of 3,260,193,726 votes were cast as follows: 3,260,193,726 shares or 67.01% of the entire issued and outstanding capital stock of the Corporation as FOR Votes; 0 shares as DISSENTING Votes; and 0 shares as ABSTAINING Votes, thus, the motion was carried with respect to the approval of the Minutes of the previous Annual Meeting.

4. ANNUAL REPORT OF MANAGEMENT

The President and Chief Executive Officer reported the operations of the Corporation through an audio-visual presentation. The Senior Vice President and Chief Financial Officer reported the financial results for the Calendar Year 2014.

Copies of the 2014 Annual Report including the audited consolidated financial statements for the year ended 31 December 2014 had been distributed to all shareholders prior to the meeting.

No cash dividends were declared during the meeting. However, during the Regular Meeting of the Board of Directors held on 23 February 2015, the Corporation declared cash dividends equivalent to P 0.04 per share to all shareholders of record as of March 9, 2015, payable on March 25, 2015.

Following the report of Management, the Chairman opened the floor for questions or issues from the shareholders. Representatives of SGV were also ready to respond to appropriate questions from the shareholders. Questions and issues raised were:

a. Question: In the Annual Report that you gave us, it was stated under the article "Power Business" that "*[e]nergy sales volume increased 6% to 1,695 GWh over the year, while supply grew by 8% to 280 MW, as a result of strong relationships with our customers and suppliers. Your company was however challenged in 2014 by lower margins arising from higher average prices for power purchases on the WESM. Net income decreased from P572.8 million in 2013 to P180 million in 2014, as of December 31, 2014.*" Now, why were the power purchases in the WESM made and considering that the price of oil went down and the price of coal also went down, what made the prices of the purchases from the WESM higher?

   Answer: If you will notice, the prices of oil started to decrease in the last quarter of 2014. WESM prices were high between March and July of 2014.

b. Question: Is that due to the special problem we had last year because of the emergency shut down of the other generators which created a false-price situation?

   Answer: No. Just the usual supply and demand situation during the summer months.

c. Question: It makes a big difference to profitability, this changing price, is it very volatile over the year, the price range?

   Answer: Well, WESM price is volatile if you look at it on a daily or hourly basis. In terms of the annual average, there are differences over the years but the range is between P4.50 to P5.50 on an annual basis. In 2014, while the prices dropped in the last quarter due partly to the drop in the price of crude oil, this was negated by the high prices during the summer months towards the start of the rainy season.

d. Question: So the benefits of the oil price reduction only took place in the latter part of the year?

   Answer: That is correct.

e. Question: So this year, we can expect the same benefits to repeat to the same extent if the oil prices stay low?

   Answer: It can help temper prices in the WESM.

f. Question: I just like to clarify the slide shown earlier with the title "Power Business is Growing". It seems to me that from 2011 to 2014, the gross margin of revenue and gross power purchase plus the percentage is actually getting smaller. What is the reason for this?

   Answer: Essentially, prices in the spot market have gone down over the same period of time.

g. Question: So is this a trend that you think will continue? Do we expect this to happen this year and in the following years?

   Answer: The margins will always vary depending on the source of power. That is the benefit of having baseload capacity. We'll have more stable price for power.

h. Question: Based on the presentation earlier regarding the losses for this year, we understand that they are due to pre-operating expenses because we have invested power plants and assets that are not generating income yet. So are you saying that starting this year and the following years, we will expect growth in the bottom line rather than this one-time drop in 2014?

   Answer: That is reasonable to expect once the plants become fully operational.

i. Question: I would like to know if there are issues regarding your joint venture with CIPP?

   Answer: CIP is not a joint venture. It is a wholly-owned subsidiary of Trans-Asia. The joint venture that we have is SLTEC which is a joint venture with the Ayala Group.

After the questions/issues of the shareholders were addressed, a motion was made to approve the Annual Report of Management including the Audited Financial Statements and to confirm all acts of the Board of Directors and of Management since the last Annual Meeting. The motion having been duly seconded and there being no objection to the motion, the matter was put to a vote.

A total of 3,260,193,726 votes were cast as follows: 3,260,193,726 shares or 67.01% of the entire issued and outstanding capital stock of the Corporation as FOR Votes; 0 shares as DISSENTING Votes; and 0 shares as ABSTAINING Votes, thus, the motion was carried with respect to the approval of the Annual Report of Management and the Audited Financial Statements as well as the confirmation of all acts of the Board of Directors and of Management since the last Annual Meeting.

5. <u>ELECTION OF DIRECTORS</u>

The Chairman then declared the meeting open for the nomination of Directors for the ensuing year.

It was announced that the following persons had been nominated and were determined by the Nomination Committee to be qualified for election to the Board of Directors:

Oscar J. Hilado
Ramon R. del Rosario, Jr.
Magdaleno B. Albarracin, Jr.

Francisco L. Viray		
Victor J. del Rosario		
Roberto M. Laviña		
Pythagoras L. Brion, Jr.		
Raymundo O. Feliciano	-	Independent
Ricardo V. Camua	-	Independent
David L. Balangue	-	Independent
Guillermo D. Luchangco	-	Independent

There being no other nominations, a motion for the election of the above-named individuals was made. The motion having been duly seconded and there being no objection to the motion, 3,260,193,726 votes which represent 67.01% of the entire issued and outstanding capital stock of the Corporation were cast as follows:

Director's Name	Approving	Dissenting	Abstaining
Oscar J. Hilado	67.01%	0%	0%
Ramon R. del Rosario, Jr.	67.01%	0%	0%
Magdaleno B. Albarracin, Jr.	67.01%	0%	0%
Francisco L. Viray	67.01%	0%	0%
Victor J. del Rosario	67.01%	0%	0%
Roberto M. Laviña	67.01%	0%	0%
Pythagoras L. Brion, Jr.	67.01%	0%	0%
Raymundo O. Feliciano	67.01%	0%	0%
Ricardo V. Camua	67.01%	0%	0%
David L. Balangue	67.01%	0%	0%
Guillermo D. Luchangco	67.01%	0%	0%

Whereupon, the Chairman declared all the above-named individuals as duly elected Directors of the Corporation for the ensuing year and until the election and qualification of their successors.

6. AMENDMENT OF THE ARTICLES OF INCORPORATION

The Chairman announced that the next item on the Agenda is the amendment of the Articles of Incorporation to state the precise address of the principal office of the Corporation in compliance with the requirements of the Securities and Exchange Commission.

There being no question, a motion was made to approve the amendment of Article THIRD of the Articles of Incorporation as follows:

> "THIRD: That the place where the principal office of the Corporation is to be established or located is at Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, Philippines. The Corporation may establish and maintain branch offices or agencies elsewhere in the Philippines or in foreign countries whenever warranted by the exigencies of its business."

The motion having been duly seconded and there being no objection to the motion, the matter was put to a vote.

A total of 3,260,193,726 votes have been cast as follows: 3,260,193,726 shares or 67.01% of the entire issued and outstanding capital stock of the Corporation as FOR Votes; 0 shares as DISSENTING Votes; and 0 shares as ABSTAINING Votes. Thus, the motion was carried with respect to the approval of the amendment of the Articles of Incorporation to state the precise address of the Corporation.

7. APPOINTMENT OF EXTERNAL AUDITOR

The Chairman announced that the next item on the Agenda is the appointment of the external auditor for the year ending December 31, 2015.

As no question was raised, a motion was made to appoint the firm of SyCip Gorres Velayo and Co., CPAs, as external auditor of the Corporation for the calendar year 2015. The motion having been duly seconded and there being no objection to the motion, the matter was put to a vote.

A total of 3,260,193,726 votes have been cast as follows: 3,260,193,726 shares or 67.01% of the entire issued and outstanding capital stock of the Corporation as FOR Votes; 0 shares as DISSENTING Votes; and 0 shares as ABSTAINING Votes. Thus, the motion was carried with respect to the appointment of SyCip Gorres Velayo and Co. as the Corporation's external auditor for the year ending December 31, 2015.

8. OTHER MATTERS

The Chairman asked if there were any other matters or business that the shareholders wished to present for discussion. There were none.

9. ADJOURNMENT

With no other business to come before the assembly, upon motion duly made, seconded and carried, the Chairman declared the meeting adjourned.

JUAN J. DIAZ
Corporate Secretary

ATTEST:

OSCAR J. HILADO
Chairman of the Meeting

ANNEX C

RESOLUTIONS APPROVED
BY THE BOARD OF DIRECTORS
(February 3, 2015 to February 23, 2016)

FOR RATIFICATION BY THE STOCKHOLDERS

Special Meeting of the Board of Directors
February 3, 2015

1. *Change in Schedule of Annual Shareholders Meeting*

   - The Annual Shareholders Meeting which was originally scheduled on March 27, 2015 at 2:00 p.m. will be held on April 7, 2015 at 2:00 p.m. at the Manila Peninsula Hotel. The record date for the determination of the shareholders entitled to notice of said meeting and to vote thereat is March 6, 2015.

Regular Meeting of the Board of Directors
February 23, 2015

1. *Approval of Audited Financial Statements*

   - The Board of Directors approved the audited financial statements for the year ended December 31, 2014 based on the recommendation of the Audit Committee that the statements are fairly presented in accordance with Philippine Financial Reporting Standards and resolved to submit the same to the shareholders at their annual meeting on April 7, 2015.

   - The Board of Directors also authorized the issuance and release of the said financial statements in compliance with the disclosure requirements under Philippine Accounting Standard (PAS) 10.

2. *Declaration of Cash Dividends*

   - Cash dividends equivalent to P 0.04 per share were declared to all shareholders of record as of March 9, 2015, payable on March 25, 2015.

3. *Official Representatives of the Corporation to the Retail Electricity Suppliers Association (RESA)*

   - Mr. Rizalino G. Santos, Mr. Pablo B. Anido, Mr. Herman B. Timoteo, Mr. Cheyenne Francis B. Batnag, Ms. Coleen V. Navarro, Ms. Elisah R. Jacob, Ms. Maychelle A. Dioquino-Soriano, Mr. Louie Mark R. Quizon, Atty. John Henry C. Liquete and/or any of the authorized representatives of the Corporation be designated as the official representatives of the Corporation to the Retail Electricity Suppliers Association (RESA).

4. *Transactions PLDT, and its and/or Affiliates*

   - The Corporation was granted the authority to transact and contract with PLDT, and its and/or affiliates including but not limited to Smart Communications, Inc. to avail of wire-line telephone, wireline data, wireline internet, wireless telephone, wireless data service, SMS, GPRS, wireless value added services, wireless broadband internet, and other present or future product, facilities and services.

   - Mr. Rizalino G. Santos and Ms. Mariejo P. Bautista were designated as representatives of the Corporation for the transactions and contracts with PLDT.

5. *Farm-in Agreement and a Deed of Assignment with Basic Energy Corporation*

   - The Corporation was authorized to enter into a Farm-in Agreement and a Deed of Assignment with Basic Energy Corporation, in connection with the Corporation's acquisition of twenty five percent (25%) participating interest in and under Geothermal Service Contract No.8 dated July 10, 2008, under terms and conditions as may be agreed upon.

   - The President and CEO, Mr. Francisco L. Viray, was authorized to negotiate, sign, execute, and deliver the aforementioned agreements.

Special Meeting of the Board of Directors
March 16, 2015

1. *Participation in the Bidding for IPPA*

   - The Corporation was given the authority to participate as bidder in the Selection and Appointment of the Independent Power Producer Administrator (IPPA) for the Bulk Energy of the Unified Leyte Geothermal Power Plants located at Tongonan, Leyte being conducted by the Power Sector Assets & Liabilities Management Corporation (PSALM).

   - The President and Chief Executive Officer, Mr. Francisco L. Viray and/or the Senior Vice-President for Power Business, Mr. Rizalino G. Santos, or each of them, were designated authorized representatives of the Corporation with the following powers and authority:

     a. to issue the Letter of Interest, sign the Confidentiality Agreement and an Undertaking and Waiver, and receive the Bidding Package;

     b. to receive all Supplemental Bid Bulletins, the Final IPPA Administration Agreement for the Bulk Energy, communications, correspondences, notices and legal process for the Corporation as bidder;

     c. to represent the Corporation in the Bidding Process, including the execution and signing of the Final IPPA Administration Agreement; and

     d. to act for and in behalf of the Corporation during the opening and evaluation of Bids, on all matters to be taken, including the authority to represent, revise and amend documents, bid for and bind the Corporation in the event that an auction is called to settle a tie.

Organizational Meeting of the Board of Directors
April 7, 2015

1. *Election of Officers*

   - The following officers were elected to the positions set forth after their respective names:

Oscar J. Hilado	-	Chairman
Ramon R. del Rosario, Jr.	-	Vice Chairman
Francisco L. Viray	-	President & CEO
Roberto M. Lavina	-	Treasurer
Juan J. Diaz	-	Corporate Secretary
Rizalino G. Santos	-	SVP - Power Business
Pythagoras L. Brion, Jr.	-	SVP & CFO
Raymundo A. Reyes, Jr.	-	SVP
Virgilio R. Francisco, Jr.	-	SVP
Mariejo P. Bautista	-	SVP - Finance & Controller
Alan T. Ascalon	-	VP - Legal & Assistant Corp. Secretary
Cecille B. Arenillo	-	VP - Compliance Officer

Danilo L. Panes	-	AVP - Renewable Energy
Arthur R. Villacorte	-	AVP – Materials Management
Danielle R. del Rosario	-	AVP – Corporate Affairs
Chiqui P. Posadas	-	AVP – HR

2. *Composition of Various Board Committees*

- The composition of the various Committees of the Board of Directors for the ensuing year is as follows:

<u>Executive Committee/Stock Option Committee</u>

Ramon R. del Rosario, Jr.	-	Chairman
Oscar J. Hilado	-	Member
Magdaleno B. Albarracin, Jr.	-	Member
Francisco L. Viray	-	Member
Guillermo D. Luchangco	-	Member

<u>Audit Committee</u>

David L. Balangue	-	Chairman
Ricardo V. Camua	-	Vice Chairman
Roberto M. Laviña	-	Member
Victor J. del Rosario	-	Member

<u>Nomination Committee</u>

Ramon R. del Rosario, Jr.	-	Chairman
Oscar J. Hilado	-	Member
Raymundo O. Feliciano	-	Member

<u>Compensation Committee</u>

Oscar J. Hilado	-	Chairman
Ramon R. del Rosario, Jr.	-	Member
David Balangue	-	Member

Regular Meeting of the Board of Directors
April 7, 2015

1. *Participation in the Bidding for the Short Term Power Supply of KABIAG ECs*

- The Corporation was granted authority to participate in the Bidding for the Short Term Power Supply (2015-2018) of KABIAG ECs.

- Messrs. Francisco L. Viray, Rizalino G. Santos, Herman B. Timoteo, Cheyenne Francis B. Batnag and/or John Henry C. Liquete, and either of them were designated as representatives of the Corporation to the foregoing transaction and were authorized to do any or all of the following acts:

  a. Receive the Bidding Documents, including but not limited to the Instructions to Bidders, the Supplemental Bid Bulletins and other documents and materials issued by the BAC;

  b. Sign the agreements, documents, forms and all other attachments required to be submitted with the Bid;

  c. Submit and sign the Bid;

  d. Sign the Power Supply Agreement (PSA); and

  e. Generally, represent the Corporation in the transaction.

2. *Waiver of Security Deposit Requirement in the Contract with Manila Water Corporation*

- The Corporation was given the authority to waive the Security Deposit requirement in the Contract for the Sale of Electricity with Manila Water Corporation.

3. *Contract for the Sale of Electricity between the Corporation and Guimaras Electric Cooperative*

- The Contract for the Sale of Electricity between the Corporation and Guimaras Electric Cooperative was confirmed.

- The authority of the President and CEO, Mr. Francisco L. Viray, to sign the said Contract for the Sale of Electricity on behalf of the Corporation was likewise confirmed.

4. *Contract to Purchase Generated Electricity between the Corporation and 1590 Energy Corporation*

- The Contract to Purchase Generated Electricity between the Corporation and 1590 Energy Corporation was confirmed.

- The authority of the President and CEO, Mr. Francisco L. Viray, to sign the said Contract to Purchase Generated Electricity on behalf of the Corporation was likewise confirmed.

5. *Collaborating Counsels for the case* "*Yinlu Bicol Mining Corporation versus Trans-Asia Oil and Energy Development Corporation*"

- The Corporation was granted authority to engage the services of Attorneys Pablito V. Sanidad and Arno V. Sanidad as collaborating counsels to represent and assist the Corporation in relation to the petition pending before the Supreme Court entitled "*Yinlu Bicol Mining Corporation versus Trans-Asia Oil and Energy Development Corporation*" and docketed as G.R. No. 207942.

- Attorneys Pablito V. Sanidad and Arno V. Sanidad were designated as true and lawful attorneys-in-fact of the Corporation and were authorized to represent the Corporation, sign and execute such pleadings, attend or appear on all hearings, conferences and proceedings and perform such other acts in furtherance of the foregoing authority until the final resolution of the petition, including the performance of the following acts relative to the petition:

  a. Consider the possibility of amicable settlement / compromise or a submission to alternative modes of dispute resolution;
  b. Simplify issues;
  c. Consider the necessity or desirability of amendment to the pleadings;
  d. Consider the possibility of obtaining stipulations or admissions of facts and of documents;
  e. Limit the number of witnesses;
  f. Consider the necessity of availing of discovery procedures and the advisability of referral to commissioners;
  g. Consider the propriety of rendering judgment on the pleadings, or of summary judgment, or of dismissing the action should a valid ground therefor be found to exist;
  h. Consider the advisability or necessity of suspending the proceedings; and
  i. Such other matters as may aid in the fair and prompt disposition of the case.

6. *Sale of Motor Vehicle to Mr. Gabriel Peña*

- The Corporation was granted authority to sell, transfer and convey the following described motor vehicle to Mr. Gabriel Peña:

Make and Type:	Toyota Innova 2.5E DSL
Model:	2010
Serial (Chassis) No.:	KUN405035904
Engine No.:	2KD6484768
Plate No.:	NQF465

- The President and CEO, Mr. Francisco L. Viray, or SVP-Finance and Controller, Ms. Mariejo P. Bautista, were authorized to sign, execute and deliver for and on behalf of the Corporation the corresponding Deeds, Contracts, Agreements and any and all other documents as may be required to put into effect the foregoing authority.

7. *Sale of Motor Vehicle to Mr. Frederick C. Lopez*

- The Corporation was granted authority to sell, transfer and convey the following described motor vehicle to Mr. Frederick C. Lopez:

Make and Type:	Mitsubishi Montero Sport 2.5 GLS
Model:	2010
Serial (Chassis) No.:	MMBGRKG40AF010513
Engine No.:	4D56UCBX2261
Plate No.:	NQC378

- The President and CEO, Mr. Francisco L. Viray, or SVP-Finance and Controller, Ms. Mariejo P. Bautista, were authorized to sign, execute and deliver for and on behalf of the Corporation the corresponding Deeds, Contracts, Agreements and any and all other documents as may be required to put into effect the foregoing authority.

8. *Renewable Energy Contracts with the Department of Energy*

- The Corporation was granted authority to apply for, bid for and/or negotiate, and sign or enter into one or more Renewable Energy Contracts with the Department of Energy, upon such terms and conditions as may be deemed advantageous to the Corporation.

- The President and CEO, Mr. Francisco L. Viray, the Senior Vice President, Mr. Raymundo A. Reyes Jr., and either of them, were authorized to negotiate, sign, execute, and deliver such Renewable Energy Contracts, the application, the bidding documents and any and all documents necessary to put into effect the foregoing authority.

9. *Geothermal Service Contract No. 8 covering an Area in Mabini, Batangas*

- The Corporation was granted authority to enter into Geothermal Service Contract No. 8 dated July 10, 2008 covering a certain area in Mabini, Batangas.

- The President and CEO, Mr. Francisco L. Viray, and/or the Senior Vice-President, Mr. Raymundo A. Reyes, Jr. were authorized to negotiate, sign, execute, and deliver the aforementioned Contract.

10. *Availment of the Services, Credit Lines and Facilities of Philippine Air Lines*

- The Corporation was granted authority to enter into transactions and contracts with, and/or avail of the services, corporate credit lines and other facilities of the Philippine Airlines for the Corporation's domestic and international air travel requirements, as the Corporation's authorized signatories may deem reasonable, proper and beneficial for the interest of the Corporation.

- Any one (1) of the following officers of the Corporation were authorized to sign, execute and/or deliver any and all documents, contracts, instruments for and in behalf of the Corporation, as may be appropriate and required by the foregoing transactions authorized above:

Name	Position
Mariejo P. Bautista	SVP – Finance &Controller
Arthur R. Villacorte	AVP – Materials Management

Special Meeting of the Board of Directors
June 10, 2015

1. *Approval of the 2014 Business Separation and Unbundling Plan*

   - The Board of Directors approved the preparation and filing by the Corporation of the following documents to the Energy Regulatory Commission at the end of every financial year in accordance with Article 2.12 of the Business Separation Guidelines :

     a. Accounting Separation Statements for that period
     b. Management Responsibility Statement
     c. Auditor's Report on those Accounting Separation Statements
     d. General Information Sheet
     e. Compliance Report
     f. Consolidated copy of the relevant Electric Power Industry Participant's ACAM, where such ACAM has been amended so that it does not correspond with the consolidated copy of the ACAM that has previously been provided to the ERC for the purposes of the Guidelines

   - The President and CEO, Mr. Francisco L. Viray and/or the Senior Vice President – Finance and Controller, Ms. Mariejo P. Bautista, were authorized to effect the submission of the foregoing documents to the Energy Regulatory Commission in compliance with the requirements of the Business Separation Guidelines; to sign and execute any document in relation thereto; and to appoint Diccion Law Firm to represent the Corporation for these purposes.

2. *Donors Tax Assessment*

   - The Senior Vice President - Finance and Controller, Mariejo P. Bautista, was granted authority to act, negotiate, sign, conclude, deliver and file, for and in the name of the Corporation, a Petition or any such pleading to judicially protest, challenge, appeal and/or cause the annulment of the final decision on disputed assessment which the Bureau of Internal Revenue ("BIR") issued against the Corporation for alleged deficiency donor's tax arising from its distribution of property dividends to its stockholders of record as of August 5, 2013 ("FDDA") before the Court of Tax Appeals or any appellate court.

   - Ms. Mariejo P. Bautista was likewise granted the authority to sign and execute, for and in behalf of the Corporation, the Verification and Certification of Non-Forum Shopping and all other papers and pleadings which may be prepared and filed in connection with the aforementioned Petition against the FDDA of the BIR.

   - Further, Ms. Mariejo P. Bautista was granted the authority to engage the services of, and designate and appoint as representatives, agents, or attorneys-in-fact of the Corporation, any individual, party, entity, law firm or lawyers for and in connection with the subject case or petition as provided in the preceding paragraphs.

   - The law firm Mata-Perez & Francisco Attorneys-At-Law or any lawyer of the said firm, were named, constituted and appointed as the true and lawful attorney-in-fact for the Corporation and was authorized to do and perform the following acts and things in connection with the aforesaid suit:

     a. To appear for and represent the Corporation in its judicial protest against the FDDA, whether at the original or appellate stage and whether as appellant or appellee, petitioner or respondent;

     b. To sign, under oath or otherwise, all necessary and appropriate pleadings, motions, verifications, certifications, papers and documents;

c. To appear or in any pre-trial conference and, with full power and authority, consider the following:

(i) The possibility of an amicable settlement or of submission to alternative modes of dispute resolution;
(ii) The simplification of the issues;
(iii) The necessity or desirability of amendments to the pleadings;
(iv) The possibility of obtaining stipulations or admissions of facts and of documents to avoid unnecessary proof;
(v) The limitation of the number of witnesses;
(vi) The advisability of a preliminary reference of issues to a commissioner;
(vii) The propriety of rendering judgment on the pleadings, or of summary judgment, or of dismissing the action should a valid ground therefore be found to exist;
(viii) The advisability or necessity of suspending the proceedings; and
(ix) Such other matters as may aid in the prompt disposition of the action.

Moreover, said attorney-in-fact were given full power and authority to do and perform every act and thing whatsoever requisite and necessary to be done in and about the premises, as fully to all intents and purposes as the Corporation might or could do. The Board of Directors also ratified and confirmed all that said attorney-in-fact shall lawfully do or cause to be done by virtue of the authority granted to them.

3. *Sale of Motor Vehicle to Mr. Roland R. Cabasa*

- The Corporation was granted authority to sell, transfer and convey the following described motor vehicle to Mr. Roland R. Cabasa:

Make and Type:	Toyota Innova J 2.5 Diesel MT
Model:	2012
Serial (Chassis) No.:	KUN405083736
Engine No.:	2KDS055006
Plate No.:	UIT 796

- The President and CEO, Mr. Francisco L. Viray, or Senior Vice President – Finance and Controller, Ms. Mariejo P. Bautista, were authorized to sign, execute and deliver for and on behalf of the Corporation the corresponding Deeds, Contracts, Agreements and any and all other documents as may be required to put into effect the foregoing authority.

4. *Negotiated Sale with Psalm of Power Barges 101, 102, and 103*

- The President and CEO, Mr. Francisco L. Viray, or the Senior Vice President for Power Business, Mr. Rizalino G. Santos, were authorized to execute such documents as may be needed or required for the Closing of the Negotiated Sale of Power Barges 101, 102 and 103, in conformity with the Asset Purchase Agreement ("APA") and Memorandum of Agreement ("MOA") dated December 23, 2014 executed by and between the Corporation and the Power Sector Assets and Liabilities Management ("PSALM") Corporation.

- The Corporation was authorized to execute or issue a Hold-out/Assignment of Bank Deposit amounting to Four Hundred Twenty Million Pesos Only (PHP420,000,000.00) from the Corporation's Savings/Checking Account No. 1-277-05571-2 with Rizal Commercial Banking Corporation ("RCBC")in favor of PSALM to conform to the Closing Deliverables of the Corporation relative to the APA and MOA and for the issuance by RCBC of Schedule K- Form of Bank Certification of Availability of Purchase Price of the APA.

- Any two (2) of the following officers of the Corporation were authorized to transact, negotiate, sign, execute and deliver such documents with RCBC and to do all acts and things necessary, proper and convenient in relation to the issuance of the Hold-out/Assignment of Bank Deposit:

Name	Position
Francisco L. Viray	President and CEO
Roberto M. Lavina	SEVP & Treasurer
Pythagoras L. Brion, Jr.	SVP & CEO
Rizalino G. Santos	SVP for Power Business
Raymundo A. Reyes, Jr.	SVP- Energy Resources Development
Mariejo P. Bautista	SVP-Controller

Regular Meeting of the Board of Directors
July 27, 2016

1. *Pre-emptive right to subscribe to issues of shares under stock rights offering of PHINMA Property Holdings Corporation*

   - The Corporation was granted authority to fully avail of its preemptive right to subscribe to as many shares as it is entitled under the latest stock rights offering of PHINMA Property Holdings Corporation.

2. *Opening of bank accounts with Land Bank of the Philippines – Iloilo Branch*

   - The Corporation was authorized to open and maintain current and savings account(s) and to avail of any related services, to open and maintain placement(s) and/or to invest in government securities and other similar instruments, to enter into trust and/or investment management agency transactions/arrangements, and/or to open and maintain trust/investment management account(s) with Land Bank of the Philippines – Iloilo Branch, under such terms and conditions, as may be mutually agreed upon.

   - The Corporation was authorized to avail of payroll services or facilities of the Land Bank of the Philippines –Iloilo Branch and to enter into a Memorandum of Agreement in connection therewith.

   - The Corporation was authorized to subscribe to the internet banking facilities of the Land Bank of the Philippines – Iloilo Branch.

   - Any two (2) of the following officers of the Corporation were authorized to sign, execute and/or deliver any and all documents, contracts, instruments for and in behalf of the Corporation, as may be appropriate and required by the foregoing transactions authorized above:

Name	Position
Francisco L. Viray	President & CEO
Roberto M. Laviña	Treasurer
Pythagoras L. Brion, Jr.	Senior Vice President & CFO
Rizalino G. Santos	SVP – Power Business
Mariejo P. Bautista	SVP – Finance &Controller
Raymundo A. Reyes, Jr.	Senior Vice President

   - It was resolved that any one (1) of the foregoing authorized signatories of the Corporation be authorized to designate the personnel of the Corporation who will receive copies of bank records, check books, passbooks, returned checks and other documents, and to confirm checks presented for payment or collection at the bank counters, if so required.

3. *Opening of Corporate Credit Card Account with BPI*

- The Corporation was authorized to open a Corporate Credit Card Account (the “Corporate Card”) with Bank of the Philippine Islands (“BPI”) for its officers and personnel and to pay all the obligations, charges and liabilities incurred through the use of the Corporate Card.

- The Corporation was authorized to open and enroll in BPI’s Express Online Data (“EDOL”) facility or internet banking services.

- The Senior Vice President – Finance and Controller, Ms. Mariejo P. Bautista, was appointed as the Corporate Card Administrator with authority to assign Alternate Card Administrator and their corresponding access levels and functions.

- It was resolved that any two (2) of the following officers be authorized to sign, execute and deliver for and in behalf of the Corporation, undertakings, sureties, guaranties, contracts and agreements under such terms and conditions as may be agreed upon with BPI:

Name	Position
Francisco L. Viray	President & CEO
Roberto M. Lavina	SEVP & Treasurer
Pythagoras L. Brion, Jr.	SVP & CFO
Raymundo A. Reyes, Jr.	SVP
Rizalino G. Santos	SVP - Electricity Supply
Virgilio R. Francisco	SVP
Mariejo P. Bautista	SVP-Finance and Controller

- The Corporation was granted authority to undertake to hold free and harmless as well as indemnify BPI from any and all liabilities, claims, suits, charges, or expenses, of whatever nature arising out of, in connection with or by virtue of the implementation of this resolution.

4. *Purchase of Land in Calaca, Batangas*

- The Corporation was granted authority to purchase parcels of land located in Calaca, Batangas with a lot area of more or less 101,316 square meters covered by Transfer Certificate of Titles No. T-42820, (T-42821) 055-201400200, OP-1681, T-42759, T-42758, OP-1683, T-42757, OP-1801, (OP-1682) 0552014000009 of the Registry of Deeds of Nasugbu, Batangas.

- The President and CEO, Mr. Francisco L. Viray, was granted authority to sign and execute all agreements, instruments or documents necessary to give effect to the foregoing authority.

5. *Corporate Guaranty for Loans of TAREC*

- The Corporation was granted authority to extend its Corporate Guaranty to cover a case-to-case loan of Trans-Asia Renewable Energy Corporation (TAREC) with Security Bank Corporation for the Peso equivalent of USD 6,254,156.29 and PHP 112,849,453.64 to settle its Import Bills maturing on July 30, 2015.

6. *Corporation’s shares in Otto Energy Ltd.*

- The Corporation was authorized to place in trust the Corporation’s shares in Otto Energy Ltd., with Sphinx Holdings Ltd. as Trustee, guaranteed by Frontier Gasfields Pty. Ltd. and in connection therewith, to sign a Declaration of Trust with Guarantee with Sphinx Holdings Ltd. as Trustee and Frontier Gasfields Pty. Ltd. as Guarantor, under such terms and conditions as may be agreed upon.

- The President and CEO, Mr. Francisco L. Viray, was authorized to negotiate, sign, execute, and deliver any and all instruments necessary to give effect to the foregoing authority.

7. *Approvals, Permits, Licenses, Certificates and/or Clearances for Power Barges 101, 102 and 103*

- It was resolved that Mr. Francisco L. Viray, Mr. Rizalino G. Santos, Ms. Mariejo P, Bautista, Atty. Alan T. Ascalon, Ms. Ma. Theresa P. Posadas, Mr. Wilbert U Billones, Mr. Rodolfo C. Dela Cruz, Mr. Rafael F. Ponce, or any one of them, be authorized to file, sign, execute and deliver on behalf of the Corporation all requests, applications, affidavits, undertakings, contracts, agreements and all other documents in connection with any approval, permit, license, certificate and/or clearance for Power Barges 101, 102 and 103 with the following corporations, government agencies or instrumentalities their divisions and regional offices, local government units, and to do all acts in relation to and in furtherance of the foregoing authority:

  a. Local Government Unit of the Province of Iloilo
  b. Local Government Unit of the City of Iloilo
  c. Local Government Unit of Bo. Obrero, Iloilo
  d. Local Government Unit of the Province of Zambales
  e. Local Government Unit of City of Olongapo
  f. Department of Energy
  g. Department of Environment and Natural Resources
  h. Department of Labor and Employment
  i. Maritime Industry Authority
  j. Philippine Ports Authority
  k. National Water Resources Board
  l. Energy Regulatory Commission
  m. National Power Corporation
  n. National Telecommunications Commission
  o. Subic Bay Metropolitan Authority
  p. National Grid Corporation of the Philippines
  q. Philippine Electricity Market Corporation
  r. Social Security System
  s. Home Development Mutual Fund
  t. Philippine Health Insurance Corporation
  u. Keppel Subic Shipyard Inc.
  v. Any and all government agencies, instrumentalities and their divisions and units as may be necessary
  w. Any telephone, water, electricity, cable, internet and other utilities provider

Regular Meeting of the Board of Directors
August 26, 2015

1. *Approval and Confirmation of Clearances Granted by the Executive Committee for the MOA with Sual and the MOU with Kephilco*

   - The clearances given by the Executive Committee for Management to conclude a Memorandum of Agreement with the Municipality of Sual, Pangasinan and a Memorandum of Understanding with KEPCO Philippines Corporation for the proposed 3x300 MW coal-fired plant in Sual, Pangasinan was approved and confirmed.

2. *Use of the Remaining Balances of the 2007, 2011 and 2012 SRO Proceeds for the purchase of NPC Power Barges 101-103*

   - The use by the Corporation of the remaining balances of the 2007, 2011 and 2012 Stock Rights Offering (SRO) proceeds amounting to Php 373.4 million for the purchase of NPC Power Barges 101-103 was approved.

Regular Meeting of the Board of Directors
September 28, 2015

1. *Credit Facilities with Various Banking Institutions*

- The Corporation was granted authority to renew the following credit facilities with BDO Unibank, Inc., under such terms and conditions as may have been agreed upon:

  a. Short Term Loan Line of up to Php1,100 Million
  b. Standby LC Line of up to Php2,000 Million
  c. Domestic Bills Purchase Line of up to Php500 Million

- The Corporation was granted authority to avail of the following credit facilities from Rizal Commercial Banking Corporation, under such terms and conditions as may be agreed upon:

  a. Omnibus Line of P2,200 Million
  b. Term Loan Line of Php2,200 Million
  c. Domestic Bills Purchase Line of up to Php100 Million
  d. FX Settlement Line and Others of up to Php185 Million

- The Corporation was granted authority to renew and avail of the following credit facilities from Security Bank Corporation, under such terms and conditions as may be agreed upon:

  a. Omnibus Line of Php2,000 Million
  b. Domestic Bills Purchase Line of up to Php500 Million
  c. Pre-Settlement and Settlement Risk Line of up to USD6.0 Million

- It was resolved that any two (2) of the following officers may act as authorized signatories for the foregoing and other related documents:

<u>Name</u>	<u>Position</u>
Francisco L. Viray	President and CEO
Roberto M. Laviña	SEVP and Treasurer
Pythagoras L. Brion, Jr.	SVP & CFO
Raymundo A. Reyes, Jr.	SVP
Rizalino G. Santos	SVP – Electricity Supply
Virgilio R. Francisco	SVP
Mariejo P. Bautista	SVP – Finance and Controller

Regular Meeting of the Board of Directors
December 8, 2015

1. *Increase of Capital Stock of TAREC*

- The Corporation was granted authority to vote its shares in Trans-Asia Renewable Energy Corporation ("TAREC") in favor of the following:

  a. Increase of the authorized capital stock of TAREC from Two Billion Pesos (Php2,000,000,000.00) divided into Two Billion (2,000,000,000) shares with a par value of One Peso (Php1.00) per share to Five Billion Pesos (Php5,000,000,000.00) composed of Two Billion common shares with a par value of One Peso (Php1.00) per share and Three Billion (3,000,000,000) preferred shares with a par value of One Peso (Php1.00) per share.

  b. The creation and issuance by TAREC of preferred shares which shall be non-voting, fully participating, convertible into common shares at a rate of one common share for every preferred share, redeemable at the option of the Corporation, and which shall have such other rights, preferences, restrictions and qualifications as may be fixed by the Board of Directors of TAREC at their issuance.

c. The amendment by TAREC of Article Seventh of its Articles of Incorporation to read as follows:

> SEVENTH: That the authorized capital stock of the Corporation is Five Billion Pesos (Php5,000,000,000.00) Philippine Currency, composed of Two Billion (2,000,000,000) common shares with a par value of One Peso (Php1.00) per share and Three Billion (3,000,000,000) preferred shares with a par value of One Peso (Php1.00) per share.
>
> The preferred shares shall be voting; non-cumulative; with pre-emptive rights only in respect of any issue of preferred shares as provided in these Articles of Incorporation; fully participating; convertible into common shares at a rate of one common share for every preferred share; redeemable at the option of the Corporation under such terms that the Board of Directors may approve, without need of unrestricted retained earnings in the books of the Corporation; and shall have such other rights, preferences, restrictions and qualifications as may be fixed by the Board of Directors at their issuance.

- The Corporation was granted the authority to subscribe to the preferred shares issued by TAREC.

- The Chairman of the Corporation was granted the authority to implement the above resolutions and to do any and all acts and deeds that may be necessary and proper to give the foregoing resolutions force and effect.

2. *Consolidated Changes in the Annual Corporate Governance Report for the Year 2015*

- The Board of directors approved the Consolidated Changes in the Annual Corporate Governance Report for the Year 2015, in compliance with SEC Memorandum Circular No. 12, Series of 2014, specifically on the following items of the said report:

  a. Composition of the Board under BOARD MATTERS
  b. Review of Vision and Mission under BOARD MATTERS
  c. Roles, Accountabilities and Deliverables of Directors under BOARD MATTERS
  d. Directorship in the Company under BOARD MATTERS
  e. Voting result of the last Annual General Meeting under BOARD MATTERS
  f. Shareholding in the Company under BOARD MATTERS
  g. Orientation and Education Program under BOARD MATTERS
  h. Policies under CODE OF BUSINESS CONDUCT AND ETHICS
  i. Compliance to the Code under CODE OF BUSINESS CONDUCT AND ETHICS
  j. Attendance of Directors under BOARD MEETINGS AND ATTENDANCE
  k. Remuneration Policy under REMUNERATION MATTERS
  l. Date of Appointment under BOARD COMMITTEES
  m. Work done and issues addressed under BOARD COMMITTEES
  n. Control System Set-up under RISK MANAGEMENT SYSTEM
  o. Progress against plans, Issues, Findings under INTERNAL AUDIT AND CONTROL
  p. Resignations, Re-assignment and reasons under INTERNAL AUDIT
  q. Policies under ROLE OF STAKEHOLDERS
  r. Data on health, safety and wellness under ROLE OF STAKEHOLDERS
  s. Performance-enhancing mechanism under ROLE OF STAKEHOLDERS
  t. CSR Initiatives under ROLE OF STAKEHOLDERS
  u. Ownership structure under DISCLOSURE AND TRANSPARENCY
  v. Disclosure of Related-Party Transactions under DISCLOSURE AND TRANSPARENCY
  w. Dividend Policy under RIGHTS OF STOCKHOLDERS
  x. Questions and Answers during the Annual General Meeting
  y. Stockholder’s Attendance under RIGHTS OF STOCKHOLDERS
  z. Mergers and Acquisitions under INVERSTOR RELATIONS PROGRAM

3. *Renewal of Credit Facilities with HSBC*

- The Corporation was granted authority to renew the credit facilities with Hong Kong Shanghai Banking Corporation (HSBC) for the Peso equivalent of up to USD 13.5 Million under such terms and conditions as may be agreed upon.

- It was resolved that any two (2) the following signatories be authorized, in behalf of the Corporation, to sign, execute and/or deliver any and all documents in connection with the foregoing:

Name	Position
Francisco L. Viray	President and CEO
Roberto M. Lavina	SEVP & Treasurer
Pythagoras L. Brion, Jr.	SVP & CFO
Raymundo A. Reyes, Jr.	SVP
Rizalino G. Santos	SVP - Electricity Supply
Virgilio R. Francisco	SVP
Mariejo P. Bautista	SVP - Finance and Controller

Regular Meeting of the Board of Directors
January 25, 2016

1. *Proposed Negotiated Sale of the 32MW Power Barge 104*

- The Corporation was given the authority to participate in the Proposed Negotiated Sale of the 32MW Power Barge (PB) 104 located in the Holcim Compound in Ilang, Davao City being conducted by the PSALM.

- It was resolved that the President and CEO, Mr. Francisco L. Viray, Senior Vice President for Power Business, Mr. Rizalino G. Santos, Vice President-Legal and Assistant Corporate Secretary, Atty. Alan T. Ascalon, be designated, and each of them be designated as the authorized representatives of the Corporation with the following powers and authority:

  a. To issue the Expression of Interest and to sign the Confidentiality Agreement and Undertaking, Acceptance of Negotiation Procedures, Representations and Warranties;
  b. To receive the Final Asset Purchase Agreement, communications, notices and legal processes for the Corporation as a negotiating party;
  c. To submit and sign all documentary requirements, agreements, certifications, undertakings, letters, forms, attachments required to be submitted with the Offer;
  d. To represent the Corporation in the negotiations including the execution and signing of the Asset Purchase Agreement;
  e. To act for and in behalf of the Corporation during the opening and evaluation of the Offer, on all matters to be taken, including the authority to represent, revise and amend documents; and
  f. To do all acts in relation to and in furtherance of the foregoing authority.

2. *Application for the Approval of the Contract for the Sale of Electricity with GUIMELCO*

- The Corporation was granted the authority to file the necessary Application with the ERC for the approval of the Contract for the Sale of Electricity entered into by the Corporation and GUIMELCO.

- It was resolved that the Senior Vice-President for Power Business, Mr. Rizalino G. Santos be authorized to file the said Application in behalf of the Corporation, to sign any and all documents and papers in relation to the foregoing, and to do all acts in relation to the foregoing, from the filing thereof until final resolution and termination of the same.

- It was also resolved that Attys. Alan T. Ascalon, John Henry C. Liquete, Lianne Ivy P. Medina, and/or Martessa E. Nuylan-Rodrigueza or any of the Corporation's true and lawful attorneys-in-fact, be authorized to personally appear for the Corporation and in its name, place and stead, represent the Corporation, sign and execute pleadings, attend or appear in all hearings, conferences and proceedings and perform such other acts in furtherance of the foregoing authority until final resolution of the case.

3. *Annual Shareholders Meeting*

   - It was resolved that the 2016 Annual Shareholders Meeting be held on April 12, 2016 at 2:00 p.m. at the Manila Peninsula Hotel.

   - It was resolved that the record date for the determination of the shareholders entitled to notice of said meeting and to vote thereat be set on March 14, 2016.

4. *Amendment of By-Laws to State Precise Address*

   - The Corporation was granted authority to amend Article I of its By-Laws to state the precise address of its principal office as follows:

ARTICLE I
OFFICE

> The principal office of the Corporation shall be located at Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City.

5. *Extension of Corporate Term*

   - It was resolved that the term during which the Corporation is to exist be extended for a period of fifty (50) years or until September 8, 2069, and in furtherance thereof, that Article Fourth of its Articles of Incorporation be amended to read as follows:

> FOURTH: That the term during which the Corporation is to exist is fifty (50) years from and after the date of incorporation. Thereafter, the term shall extended for another fifty (50) years from and after September 8, 2019.

6. *Change of Corporate Name*

   - It was resolved that the name of the Corporation be changed from "TRANS-ASIA OIL AND ENERGY CORPORATION" to "PHINMA ENERGY CORPORATION," and in furtherance thereof, that Article First of the Corporation's Articles of Incorporation be amended to read as follows:

> FIRST: That the name of said corporation shall be

"PHINMA ENERGY CORPORATION"

   - It was resolved that the caption of the Articles of Incorporation be amended to read as follows:

AMENDED ARTICLES OF INCORPORATION
OF PHINMA ENERGY CORPORATION

   - It was resolved that the caption of the By-Laws be amended to read as follows:

AMENDED BY-LAWS

7. *Transactions with Banks*

- The Corporation was granted authority to transact with the following counterparties and/or any of their branches:

  a. Banco de Oro Unibank, Inc. and BDO Private Bank
  b. Bank of the Philippine Islands and any of its subsidiaries
  c. Security Bank Corporation
  d. Rizal Commercial Banking Corporation
  e. Development Bank of the Philippines
  f. Land Bank of the Philippines
  g. Metropolitan Bank & Trust Company
  h. China Banking Corporation
  i. Australia and New Zealand Banking Group
  j. Standard Chartered Bank
  k. ING Bank
  l. Maybank Philippines Inc.
  m. Hong Kong and Shanghai Banking Corporation

  relative to the following transactions and facilities:

  a. investments in the following instruments with the abovementioned counterparties
     (i) Unit Investment Trust Funds and Trust Accounts
     (ii) Bonds, Stocks, Short-duration and/or long-duration funds
     (iii) Government Securities such as treasury bills, treasury notes, treasury bonds, retail treasury bonds and other securities that carry the full faith and credit of the Republic of the Philippines
     (iv) Promissory notes, corporate notes, bonds, commercial papers and preferred shares
     (v) Time deposits, certificate of deposits, special savings and other deposit products
  b. availments of credit facilities with the foregoing counterparties, under such terms and conditions as may be agreed upon
  c. opening, closing and operating deposit accounts, both in local and foreign currency, with the foregoing banks
  d. opening and operating trust accounts (escrow, custodianship and/or safekeeping) with the Trust Department of the abovementioned banks
  e. opening and utilizing electronic or internet banking services, Transactional Banking and payroll services of the foregoing counterparties
  f. opening third party custodian account/s with the foregoing counterparties

8. *Authorized Signatories for Banking Transactions*

- It was resolved that the Corporation amend its list of authorized signatories for banking transactions as follows:

  a. That the Vice President-Legal and Assistant Corporate Secretary, Atty. Alan T. Ascalon, be designated as additional authorized signatory
  b. Without any limit, that any two (2) of the Group A signatories below be authorized to sign, execute and deliver deposits, withdrawal slips, drafts, authorizations, receipts, check payments and other modes of payment, and other documents as may be required or necessary

Group A

Name	Position
Francisco L. Viray	President and CEO
Roberto M. Lavina	SEVP & Treasurer
Pythagoras L. Brion, Jr.	SVP & CFO
Raymundo A. Reyes, Jr.	SVP

Rizalino G. Santos	SVP – Power Business
Virgilio R. Francisco	SVP
Mariejo P. Bautista	SVP-Finance and Controller
Alan T. Ascalon	VP-Legal & Asst. Corporate Secretary

c. For amounts covering Fifty Thousand Pesos (Php 50,000.00) and below, any one of Group B signatories below, together with either Yolanda D. Añonuevo or Mariejo P. Bautista, be authorized to sign, execute and deliver deposits, withdrawal slips, drafts, authorizations, receipts, check payments and other modes of payment, and other documents as may be required or necessary

Group B

Name	Position
Danilo L. Panes	AVP-Renewable Energy
Arthur R. Villacorte	AVP-Materials Management
Danielle R. Del Rosario	AVP-Corporate Affairs

9. *Term Loan Agreements with SECB and DBP*

- The Corporation was granted authority to enter into, execute, deliver and perform its obligations under a 13-year term loan agreement with Security Bank Corporation for the grant of a loan with a principal amount of One Billion Five Hundred Million Pesos (Php1,500,000,000.00) (the “SECB Loan”), the proceeds of which shall be used for working capital requirements and to finance project equity investments in and/or acquisition of power plants.

- The Corporation was granted authority to enter into, execute, deliver and perform its obligations under a 13-year term loan agreement with Development Bank of the Philippines for the grant of a loan with a principal amount of One Billion Five Hundred Million Pesos (Php1,500,000,000.00) (the “DBP Loan”), the proceeds of which shall be used for working capital requirements and to finance project equity investments in and/or acquisition of power plants.

- It was resolved that any two (2) of the following officers

Name	Position
Francisco L. Viray	President & CEO
Roberto M. Laviña	Treasurer
Pythagoras L. Brion, Jr.	Senior Vice-President & CFO

be authorized to jointly negotiate, sign and execute, for and in behalf of the Corporation, the aforementioned agreements with Security Bank Corporation and Development Bank of the Philippines, promissory notes, security agreements, assignment documents and such other papers and instruments necessary for, or in connection with, the SECB Loan and DBP Loan, including any and all amendments, renewal or extensions thereof and to perform such further acts and deeds as may be necessary, convenient or appropriate to give force and effect to the foregoing resolutions.

10. *Sale of Motor Vehicle to Atty. Alan T. Ascalon*

- The Corporation was granted authority to sell, transfer and convey the following described motor vehicle to Mr. Alan T. Ascalon

Make and Type:	Hyundai Accent CVVT 1.4
Model:	2011
Serial (Chassis) No.:	KMHCT41CBBU035588
Engine No.:	G4FABU211263

Plate No.: PIN 696

- The President and CEO, Mr. Francisco L. Viray, or Senior Vice President – Finance and Controller, Ms. Mariejo P. Bautista, were authorized to sign, execute and deliver for and on behalf of the Corporation the corresponding Deeds, Contracts, Agreements and any and all other documents as may be required to put into effect the foregoing authority.

11. *Sale of Motor Vehicle to Mr. Philip M. Rimando*

- The Corporation was granted authority to sell, transfer and convey the following described motor vehicle to Mr. Philip M. Rimando

Make and Type:	Toyota Innova E 2.0 Gas
Model:	2011
Serial (Chassis) No.:	TGN405022017
Engine No.:	TR6985503
Plate No.:	PIS 725

- The President and CEO, Mr. Francisco L. Viray, or Senior Vice President – Finance and Controller, Ms. Mariejo P. Bautista, were authorized to sign, execute and deliver for and on behalf of the Corporation the corresponding Deeds, Contracts, Agreements and any and all other documents as may be required to put into effect the foregoing authority.

12. *Sale of Motor Vehicle to Ms. Yolanda D. Añonuevo*

- The Corporation was granted authority to sell, transfer and convey the following described motor vehicle to Ms. Yolanda D. Añonuevo

Make and Type:	Toyota Vios 1.5G Gas M
Model:	2010
Serial (Chassis) No.:	NCP938008608
Engine No.:	1NZY114506
Plate No.:	PIWQ 994

- The President and CEO, Mr. Francisco L. Viray, or Senior Vice President – Finance and Controller, Ms. Mariejo P. Bautista, were authorized to sign, execute and deliver for and on behalf of the Corporation the corresponding Deeds, Contracts, Agreements and any and all other documents as may be required to put into effect the foregoing authority.

13. *Amendment of the Articles of Incorporation of the Metropolitan Club, Inc.*

- The Corporation was granted authority to give its written assent to the amendment of the Articles of Incorporation of the Metropolitan Club, Inc. (the "Club") particularly on the trade name and principal office, as follows:

  FIRST: The name of the corporation shall be:

  THE METROPOLITAN CLUB, INC. (doing business under the name and style of the MetroClub)

  THIRD: The place where the principal office of the corporation is to be established and located is **Estralla cor; Amapola Sts. Guadalupe Viejo, Makati City.**

- It was resolved that the President and CEO, Mr. Francisco L. Viray, or the Senior Vice President-Finance and Controller, Ms. Mariejo P. Bautista, be authorized to represent the Corporation and to sign, execute and deliver the written assent as well as other documents relating thereto, and to do such acts and deeds as may be proper and desirable to implement the authority herein given.

Regular Meeting of the Board of Directors
February 23, 2016

1. *Cash Dividend Declaration*

   - Cash dividends equivalent to P 0.04 per share were declared to all shareholders of record as of March 9, 2016, payable on March 23, 2016.

2. *Feasibility Study of the Sual Coal-Fired Power Plant Project*

   - The Corporation was granted authority to enter into a contract with KEPCO Engineering and Construction Company Inc. (KEPCO E&C) to conduct the feasibility study of the proposed 600 – 1,000 MW Sual Coal-Fired Power Plant Project.

   - It was resolved that the President and CEO, Mr. Francisco L. Viray, be authorized to negotiate, sign, execute, and deliver the said contract.

3. *Sale of Motor Vehicle to Mr. Raymundo A. Reyes, Jr.*

   - The Corporation was granted authority to sell, transfer and convey the following described motor vehicle to Mr. Raymundo A. Reyes, Jr.:

Make/Series:	Mitsubishi Montero GLS-V A/T
Year Model:	2012
Motor /Engine No.:	4D56UCDF2784
Serial/Chassis No.:	MMBGYKG40CF014776
Plate No.:	TOK 552

   - The President and CEO, Mr. Francisco L. Viray, or Senior Vice President – Finance and Controller, Ms. Mariejo P. Bautista, were authorized to sign, execute and deliver for and on behalf of the Corporation the corresponding Deeds, Contracts, Agreements and any and all other documents as may be required to put into effect the foregoing authority.

4. *Lease Contract with Rockwell Land Corporation*

   - The Corporation was granted authority to enter into a contract with Rockwell Land Corporation for the lease of office space in 8 Rockwell in Rockwell Center, Makati City.

   - The President and CEO, Mr. Francisco L. Viray, the Senior Vice President-Finance and Controller, Ms. Mariejo P. Bautista, and each of them, were authorized to sign, execute and deliver for and on behalf of the Corporation any and all documents pursuant to and in accordance with the foregoing authority.

5. *Application for Solar Energy Service Contract Covering an Area in Batangas*

   - The Corporation was granted authority to file with the Department of Energy an application for a solar energy service contract covering a certain area in the province of Batangas.

   - The President and CEO, Mr. Francisco L. Viray, the Senior Vice President, Mr. Raymundo A. Reyes, Jr., and each of them, were authorized to sign, execute and deliver for and on behalf of the Corporation any and all documents pursuant to and in accordance with the foregoing authority.

ANNEX D

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION

Business Development

Trans-Asia Oil and Energy Development Corporation ("TA", "Trans-Asia" or "the Company") was established by the Philippine Investment Management (PHINMA), Inc. on September 8, 1969 in line with PHINMA's vision to create a vehicle for building the nation's economy through self-reliance in energy. Trans-Asia is engaged primarily in power generation and supply, with secondary investments in petroleum and mineral exploration. The Company was originally known as Trans-Asia Oil and Mineral Development Corporation, reflecting its original purpose of engaging in petroleum and mineral exploration and production. In order to diversify its product and revenue portfolio, the Company invested in power generation and supply, which eventually became its main business and revenue source. On April 11, 1996, the Company's name was changed to its present name, Trans-Asia Oil and Energy Development Corporation.

Description of Principal Business

Power Generation

The principal product of power generation and supply is the electricity produced and delivered to the end-consumers. It involves the conversion of fuel or other forms of energy to electricity; or the purchase of electricity from the Philippine Wholesale Electricity Spot Market (WESM).

The Company conducts its power generation and supply activities directly or through its Joint Venture Company and subsidiary.

The Electricity Supply business continues its active participation in the WESM through buying the electricity requirements of customers and selling the excess output of the Company's generation supply portfolio.

In 2015, the total energy sales reached 2,216 GWh a 30% increase from 1,710 GWh in 2014. Our primary customers: Holcim Philippines' cement plants in Bulacan and La Union, Philippine Economic Zone Authority's (PEZA's) Cavite Economic Zone, Quezon II Electric Cooperative Inc. (QUEZELCO II), Lafarge Republic, Inc., Direct Power Services, Inc., and new customers: Manila Water Company, Universal Robina Corporation and Batangas I Electric Cooperative (BATELEC I), account for the bulk of the total energy sold while the remaining supply was sold to WESM. In 2016, Amwire, Mondelez, and Asian Transmission Corporation will come in as new customers.

Aside from the WESM, the Company also sourced electricity from contracted capacities with SEM-Calaca Power Corporation, Vivant Sta. Clara Northern Renewable Corporation, Unified Leyte Geothermal Power Plant and KEPCO SPC Power Corporation. In 2015, the Company's total generation capacity was 455.4 megawatts (MW), a 62% increase from 280.4 MW in 2014. 2015 increase excludes the recently acquired power barges, which have nominal capacity totaling 96MW.

Trans-Asia Power Generation Corporation (TAPGC)

On April 10, 2014, Trans-Asia Power Generation Corporation ("TAPGC") purchased the shares of One Subic Power Generation Corp. ("OSPGC"), the lessee and operator of the 116 MW Subic Diesel Generator Power Plant (the "Subic Power Plant"). OSPGC has an existing Power Administration and Management Agreement with Trans-Asia under which Trans-Asia is given the right to administer and manage the net output of the Subic Power Plant in consideration of energy fees to be paid by Trans-Asia to OSPGC. The Agreement commenced on December 26, 2012 and shall be effective throughout the term of the lease of the Subic Power Plant from the owner, Subic Bay Metropolitan Authority (SBMA).

The acquisition of OSPGC expanded TAPGC's existing generation portfolio, adding to the 52MW Bunker C-Fired power plant in Bulacan serving Holcim's Cement Plant.

In 2015, TAPGC generated 45.6 gigawatt hours (Gwh) of electricity and posted revenues of ₱237 million under its Power Administration and Management Agreement (PAMA) with TA-Oil.

CIP II Power Corporation (CIP)

In December 2010, CIPP's Board of Directors approved the transfer of its power plant from Laguna to Bacnotan, La Union, adjacent to the Holcim Cement Plant. Actual groundbreaking began on April 2011, the Plant was commissioned on December 21, 2012 and commenced commercial operations in January 2013.

The new location of the Plant not only allows it to serve the requirements of the adjacent Holcim cement plant but also sell power to the WESM and the Parent Company. The total energy sales of CIPP reached 106Wh for the period January to June 2013. Thereafter, CIPP and TA entered into a PAMA, where TA pays CIPP a fixed fee for its entire capacity.

In 2015, CIPP earned revenues of ₱ 151.2 million and produced 17GWh of electricity.

Guimaras Power Plant

TA has an Electricity Supply Agreement (ESA) with Guimaras Electric Cooperative Inc. (GUIMELCO) which was signed on November 12, 2003 and subsequently amended on July 26, 2004 and renewed on March 27, 2015. Under the ESA, TA agreed to construct, operate and maintain a 3.4MW bunker Coal fired power plant in Guimaras. The power plant sells electricity primarily to Guimelco at the rate approved by the Energy Regulatory Commission (ERC). Installation of the power plant and construction of related facilities were completed in February 2005. Commercial operations commenced on June 26, 2005.

The 3.4MW Guimaras power plant continues to supply reliable and stable power to GUIMELCO. Aside from supplying peaking power to GUIMELCO, the plant also started selling power to the WESM in April 2011. In August 2011, the amended Electricity Supply Agreement (ESA) that was approved by the ERC was also implemented. These developments were aimed at enhancing the economic viability of the Guimaras Plant.

In 2015, a total of 5.80 GWh of electricity was sold both to Guimelco and WESM. The plant also renewed its Certificate of Compliance during the same year.

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South Luzon Thermal Energy Corporation (SLTEC)

SLTEC is a 50/50 joint venture between the Company and AC Energy Holdings, Inc. (ACEHI). ACEHI is a wholly-owned subsidiary of the Ayala Corporation. The partnership was formed to construct a 2 x 135MW Coal-fired Power Plant in Calaca, Batangas utilizing clean coal technology herein referred to as CFB (Circulating Fluidized Bed) for negligible emissions and minimal environmental impact.

The construction, testing and commissioning of the 1st unit of SLTEC CFB Coal-fired Power Plant was completed during the 1st half of 2015. Commercial operations was achieved by April 24, 2015, in time for the summer months with historical peaks for heightened demand and tight supply. SLTEC Unit 1 recorded an availability rate of 69% during the year, and operated continuously for 80 days prior to its scheduled maintenance shutdown on February 11, 2016.

Construction for SLTEC's 2nd unit reached its height in the second half of 2015. The project synchronized to the grid on August 15, 2015 and was in its final commissioning stage by the end of

2015. SLTEC's 2nd unit passed its reliability and performance tests, and announced the start of commercial operations on February 21, 2016.

In 2015, SLTEC negotiated the sale and transfer of the operation and maintenance, as well as, ownership, of its new switching station and existing 6km transmission line, to the National Grid Corporation of the Philippines (NGCP), targeting to consummate the transaction through receipt of payment by the 1st quarter of 2016.

On June 8, 2015, the ₱9.0 billion loan facility earmarked for Unit 1 had been fully withdrawn, while 94% of the ₱7.0 billion loan facility for Unit 2 had been released by the lenders as of December 27, 2015. Total investment in Unit 1 stands at ₱13.2 billion, with ₱8.6 billion in Unit 2 by year end. Total assets of SLTEC stood at ₱25.1 billion by year-end.

SLTEC's policy to hedge coal supply proved to be an advantage, when its main coal supplier, Semirara Mining Corporation (SMC), was temporarily suspended due to a mining accident, and SLTEC was able to continue operations with coal sourced from Indonesia. SLTEC also espouses a pro-active and engaging CSR Program, with 16 CSR projects implemented during the year under the MANINGAT (Environment), KASAGPI (Health), HARAYA MANAWARI (Youth Development), and KALINANGAN (Education) programs.

For 2015, SLTEC reported a net income of ₱525.2 million, with total production of 554 GWh from Unit1.

Maibarara Geothermal, Inc. (MGI)

Maibarara Geothermal, Inc. (MGI), a joint venture between PetroGreen Energy Corporation (65%), PNOC Renewable Corporation (10%), and the Company (25%), was incorporated and registered with the SEC on August 11, 2010. It is currently operating a 20MW geothermal plant in the Maibarara geothermal field in Santo Tomas, Batangas, which commenced commercial operations in February 2014. The field was discovered by Philippine Geothermal, Inc. in the 1980s. MGI is the first renewable energy undertaking to be declared commercial by the government under the Renewable Energy Act of 2008.

An independent validation of resource assessment conducted by a New Zealand consulting firm concluded that there is a 90% probability that proven field reserves to date can support a power plant with 28 MW or higher for 25 years.

The Department of Energy issued a Confirmation of Commerciality for the project, effectively converting its geothermal service contract from the Pre-Development to the Development/Commercial Stage. Among the ten (10) areas awarded under the first geothermal bid round of the Department of Energy (DOE) held in late 2009, the MGI contract holds the distinction of being the first to achieve this milestone.

MGI executed an Omnibus Loan and Security Agreement for a ₱ 2.4 billion loan facility with Rizal Commercial Banking Corporation and Bank of the Philippine Islands to finance part of the ₱3.44 billion project cost.

The Phase 2 of the project is already underway, adding another 12 MW to the facility by 2017.

In 2015, MGI produced 150 GWh of power and posted net income ₱ 207.6 million.

Future Project

12 MW Phase 2 of Maibarara Geothermal Power Plant

The Phase 2 of the Maibarara Geothermal Power Plant is already underway. This will add another 12 MW to the 20 MW facility by 2017. Project financing is being finalized whereas the electricity off take agreement with Trans-Asia is under negotiation.

Trans-Asia Renewable Energy Corporation (TAREC)

TAREC, a wholly owned subsidiary of the Company, was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 2, 1994. It was established with the primary purpose of developing and utilizing renewable energy and pursuing clean and energy efficient projects. The vision of TAREC is to become a dominant player in emerging renewable energy through strategic partnerships, portfolio development, and vigorous but deliberate operating capacity build-up.

In line with the country's thrust of promoting the growth of renewable energy resources, TAREC ventured into wind resource development projects and currently has 9 wind energy service contracts with an aggregate potential capacity of over 400 MW. This included the 54 MW Wind Project in San Lorenzo, Guimaras.

In December 27, 2014, TAREC successfully completed the construction and commissioning of the 54 MW San Lorenzo Wind Project, the first wind farm completed in the Visayas. Since its officially recognized start of commercial operations, the wind farm was able to attain its maximum capacity of 52 MW representing 96% of the total installed capacity.

On December 1, 2015, the Company received its Certificate of Compliance from the ERC for its 54 MW San Lorenzo Wind Project. The certificate entitles TAREC to recognize its FIT at an approved rate of ₱7.40, with a retroactive period beginning December 27, 2014, for a guaranteed period of 20 years until December 26, 2034.

In 2015, TAREC generated 107.7 GWh of electricity and earned ₱ 816.9 million revenues from sale of electricity, of which ₱16.0 million is attributable to the period December 27 to 31, 2014.

One Subic Power Generation Corporation (OSPGC)

One Subic Power Generation Corporation (OSPGC) was incorporated and registered with the Securities and Exchange Commission on August 4, 2010 to engage in the business of owning, constructing, operating, developing and maintaining all types of power generation plants. It started its operation on February 17, 2011. On May 12, 2014, TA Power purchased from Udenna Energy Corporation (UDEC) the entire outstanding shares of stock of OSPGC. Prior to the acquisition, OSPGC was a wholly owned subsidiary of UDEC, a company incorporated and domiciled in the Philippines.

In 2015, OSPGC's total energy sale was ₱258 million under its PAMA with TA-Oil and produce 103.7 GWh of electricity.

Power Barge 101, 102 and 103

The company executed a deed of sale on 12 August 2015 to finalize the sale and transfer of Power Barges 101, 102, and 103, from the Power Sector Assets and Liabilities Management (PSALM) Corporation, for a purchase price of ₱420 million. Commercial Operations of PB 101 and PB 102, located in Barrio Obrero, Iloilo, is expected by the first quarter of 2016, while PB 103 was brought to Keppel Subic Shipyard Inc., at Subic Zambales for restoration. PB 103 is currently located in a mooring site in Cebu.

Electricity Trading Market (ES)

The Company's electricity trading business revolves around buying electricity from and selling electricity to the WESM.

The Company has been buying from the WESM to supply all or a portion of its customers' electricity supply requirements. When a price are lower at the WESM than its own cost of generation, the Company purchases power from the spot market and sells it to its customer at an agreed price stipulated in their bilateral contracts. On the other hand, if WESM prices are higher than own plants' cost of generation, and it has excess generating capacity, it sells power to the WESM.

Trading revenues have been a major source of revenue for the Company since 2008. The Company's management believes that electricity trading will continue to represent a major portion of the Company's revenues for the foreseeable future. The Company's management believes that its ownership of its generation plants and electricity supply agreements assures the Company of a fixed off take volume and price, and presents the Company with opportunities to realize gains from electricity trading.

Distribution of Product

Electricity sales have been sold at the prevailing ERC approved rates. Increasingly, however, the WESM is becoming a bigger market where electricity purchases are settled based on market or spot rates. Delivery of the product are coursed through transmission lines currently owned by National Grid Corporation of the Philippines (NGCP) and to a certain extent, the electric cooperatives and distribution utilities like Manila Electric Company (Meralco) in exchange for wheeling charges.

Competition

TA, CIPP, and TAPGC compete with Meralco and power generating companies in supplying power to the Company's customers. With the full implementation of EPIRA and its purpose of establishing a transparent and efficient electricity market via more competition, a substantial number of the Company's customers may choose to buy power from third party suppliers. In addition, the implementation of open access could have a material adverse impact to the Company's results of operations and financial condition.

The move towards a more competitive environment, as set forth by EPIRA, could result in the emergence of new and numerous competitors. There will be some competitors that may have a competitive advantage over the Company due to greater financial resources, more extensive operational experience, and thus be more successful than the Company in acquiring existing power generation facilities or in obtaining financing for and the construction of new power generation facilities.

The power generation facilities of TAPGC, Guimaras plant and CIPP operate on diesel fuel. While these are more reliable than hydroelectric plants, their high cost of electricity production render these uncompetitive to baseload plants such as coal, geothermal and natural gas facilities of its competitors.

To manage this, the Company and its power generating units constantly monitor the trends in the global oil market. It increases fuel inventory when prices are forecasted to increase to mitigate and manage cost. The Company is also looking into other projects that can produce electricity in a more competitive manner. For these projects, the Company has maintained healthy liquidity and credit ratios.

Dependence on Suppliers

Disruptions in the supply of fuel could result to substantial reduction in production or increased operating cost, and may have adverse effects on the Company's financial performance and financial position. Any delay in fuel deliveries or disruptions in fuel supply may also result in unplanned plant shutdowns. In 2015, the Company purchased Bunker C fuel for its power generation business from several reliable suppliers to limit its dependence on a single supplier.

To avoid disruptions in fuel supply, long term contracts with the fuel supplier were executed. In case of temporary fuel shortage along the supply chain, the oil company will prioritize deliveries to the Company's plants.

In the event of *force majeure* events, however, everyone including the Company will be adversely affected. To mitigate this risk, the Company executes long term fuel supply contracts, and maintains safe and strategic inventory levels of fuel to ensure continuous electricity production. Furthermore, if any of the major suppliers fails to deliver, the Company may buy fuel from other vendors. With the establishment of good relationships with other fuel suppliers, TA can also obtain competitive alternative sources and arrange for the timely delivery of fuel.

Dependence on Customer

Existing off-take agreements assure a certain level of demand from the Company's customers. Under the ESA between TA and Guimelco, TA agrees to supply electricity generated by the power plant to Guimelco, and Guimelco must give priority to electricity generated by TA up to 1.8 MW, over any other power source. TAPGC and TA have an ESA with Holcim where TAPGC and TA guarantee to cover all of Holcim's electricity requirements for both the La Union and Bulacan cement plants from 2013 until 2028. With long-term customers La Farge, DPSI and PEZA, and new customers Manila Water, Amwire, Mondelez (Phils) Inc., Asian Transmission Corporation and BATELEC I, TA is not dependent on any single customer for the viability of the electricity business.

Related Party Transactions

Trans-Asia's electricity business is not significantly dependent on related parties. The Parent Company and its subsidiaries TA Power, CIPP, TAREC and TA Petroleum have management contracts with Philippine Investment-Management (PHINMA), Inc. up to 2018 except for TA Power whose contract with PHINMA is up to 2016, renewable thereafter upon mutual agreement.

Research and Development

The Company incurs minimal amounts for research and development activities which do not represent a significant percentage of revenues.

Dependence on Environmental Factors

Upon Commercial Operations, TAREC's 54MW Wind Farm will depend significantly on the available wind resources in order to generate power. Wind resources will vary from year to year, season to season, by the day, by the minute. The Wind Farm will utilize computer models to predict wind resource, but ultimately, weather factors will be too complex and impossible to predict with any accuracy.

Petroleum Exploration

TA is a minority investor in various consortia engaged in petroleum exploration, development and production.

Petroleum exploration involves the search for commercially exploitable subsurface deposits of oil and gas through geological, geophysical and drilling techniques. A petroleum discovery is made when significant amounts of oil and/or gas are encountered in a well and are flowed to the surface. Following a discovery, additional wells (appraisal or delineation wells) are drilled to determine whether the petroleum accumulation could be economically extracted or not. If the results are positive, the oil or gas field is developed by drilling production wells, and installing the necessary production facilities such as wellheads, platforms, separators, storage tanks, pipelines and others.

The Company applies for or acquires interest in selected petroleum service contracts covering areas usually in the exploration phase. Due to the high risk and capital intensive nature of the business, the Company normally participates in several consortia and takes significant but minority interest. Subject to results of technical and risk-economic studies prior to exploratory drilling, the Company may farm out or dilute its interest in exchange for financial consideration and/or non-payment of its pro-rata share of exploration drilling costs. If a petroleum discovery is made, the Company will fund its share of appraisal drilling and economic studies. Upon delineation of a commercial discovery, financing for up to 70% of field development costs is available in the international market.

As projects are mostly in the exploratory stage, the Company derives insignificant or no revenues from petroleum production. At this time, the Company believes it has sufficient petroleum projects on hand given its resources and risk tolerance.

Product and Distribution

The principal products of petroleum production are crude oil and natural gas. Crude oil is usually sold at market price in its natural state at the wellhead after removal of water and sediments, if any. Depending on the location of the oil field, the oil produced may be transported via offshore tankers and/or pipeline to the refinery. On the other hand, natural gas may be flared, reinjected to the reservoir for pressure maintenance, or sold, depending on the volume of reserves and other considerations. Natural gas is commonly transported by pipeline. However, if the deposit is very large and the market is overseas, the gas may be liquefied into liquefied natural gas (LNG) and transported using specialized tankers.

Competition

While competition for market of petroleum does not have a significant bearing in the operations of the Company, TA's competitors compete on two fronts, namely: 1) petroleum acreage and 2) investment capital.

The Department of Energy (DOE) awards petroleum contracts to technically and financially capable companies on a competitive bidding basis. Thus, the Company competes with foreign firms and local exploration companies such as PNOC Exploration Corporation, The Philodrill Corporation, Oriental Petroleum and Minerals Corporation, and Petroenergy Resources Corporation for acquisition of prospective blocks. While there is competition in the acquisition of exploration rights, the huge financial commitments associated therewith also provide opportunities for partnership, especially between local and foreign companies. Under a service contract, a substantial financial incentive is given to consortia with at least 15% aggregate Filipino equity. Thus, many foreign firms invite local exploration companies to join their venture to take advantage of said benefit and vice versa.

TA and other listed companies also compete for risk capital in the securities market. This may be in the form of initial public offerings, rights offerings, upward change in capitalization and other vehicles. These domestic companies may also seek full or partial funding of projects from foreign companies through farm-out of interest (dilution of equity in exchange for payment of certain financial obligations).

TA is a recognized leader in the local petroleum industry. The Company is comparatively financially robust and has low level of debt. The technical expertise of its staff is recognized by its foreign partners and the DOE. In view of these strengths, TA remains a strong competitor in the local exploration and production industry.

Suppliers and Customers

TA's exploration business is not dependent on any single supplier or a limited number of suppliers, nor is it dependent on a single customer or a limited number of customers.

Related Party Transactions

TA's exploration business is not dependent on related parties, nor were there any transactions involving related parties.

Research and Development

The Company incurs minimal amounts for research and development activities which do not amount to a significant percentage of its exploration costs.

Regulatory Framework

The Company's petroleum and mineral exploration business is subject to the following laws, rules and regulations:

P.D. 87, as amended, or The Oil Exploration and Development Act of 1972

P.D. 87, as amended, declares that the policy of the State is to hasten the discovery and production of indigenous petroleum through utilization of government and/or private resources, local and foreign, under arrangements calculated to yield maximum benefit to the Filipino people and revenues to the Philippine government and to assure just returns to participating private enterprises, particularly those that will provide services, financing, and technology and fully assume all exploration risks. The government may undertake petroleum exploration and production or may indirectly undertake the same through Service Contracts. Under a service contract, service and technology are furnished by a contractor for which it would be entitled to a service fee of up to 40% of net production proceeds. Where the Government is unable to finance petroleum exploration or in order to induce the contractor to exert maximum efforts to discover and produce petroleum, the service contract would stipulate that, if the contractor furnishes service, technology and financing, the proceeds of the sale of the petroleum produced under the service contract would be the source of payment of the service fee and the operating expenses due the contractor. Operating expenses are deductible up to 70% of gross production proceeds. If, in any year, the operating expenses exceed 70% of gross proceeds from production, the unrecovered expenses may be recovered from the operations of succeeding years. Intangible exploration costs may be reimbursed in full, while tangible exploration costs (such as capital expenditures and other recoverable capital assets) are to be depreciated for a period of five (5) or ten (10) years. Any interest or other consideration paid for any financing approved by the Government for petroleum development and production would be reimbursed to the extent of 2/3 of the amount, except interest on loans or indebtedness incurred to finance petroleum exploration.

Aside from reimbursing its operating expenses, a contractor with at least 15% Filipino participation is allowed to recover a Filipino participation incentive allowance equivalent to a maximum of 7.5 % of the gross proceeds from the crude oil produced in the contract area. Incentives to service contractors include (i) exemption from all taxes except income tax which is paid out of Government's share, (ii) exemption from all taxes and duties on importation of machinery, equipment, spare parts and materials for petroleum operations, (iii) repatriation of investments and profits and (iv) free market determination of crude oil prices. Finally, a subcontractor is subject to special income tax rate of eight percent (8%) of gross Philippine income while foreign employees of the service contractor and the subcontractor are subject to a special tax rate of 15 % on their Philippine income.

A service contract has a maximum exploration period of 10 years and a maximum development and production period of 40 years. Signature bonus, discovery bonus, production bonus, development allowance and training allowance are payable to the Government. Other pertinent laws and issuances include P.D. 1857, a law amending certain sections of P.D. 87, as amended, offering improved fiscal and contractual terms to service contractors with special reference to deepwater oil exploration; DOE Circular No. 2009-04-0004, a circular that establishes the procedures for the Philippine Contracting Rounds; DOE Circular No. 2003-05-006, a circular that provides the guidelines to the financial and technical capabilities of a viable petroleum exploration and production company;

Executive Order No. 66 issued in 2002 which designated the DOE as the lead government agency in developing the natural gas industry; and DOE Circular 2002-08-005, a circular setting the interim rules and regulations governing the transmission, distribution and supply of natural gas.

Under P.D. 87, as amended, every service contractor that produces petroleum is authorized to dispose of same either domestically or internationally, subject to supplying the domestic requirements of the country on a pro-rata basis. There is a ready market for oil produced locally inasmuch as imported oil which comprised about 34**%** of the Philippines' primary energy mix in year 2010. Heavy dependence on foreign oil supply is not expected to change significantly over the next 10 years. On a case to case basis, the Government has allowed the export of locally produced crude oil in the past. The domestic natural gas industry is at the nascent stage, with supply coming from a single offshore field. Domestic gas production accounted for about seven percent (7%) of the country's primary energy mix in year 2010. The Government is actively promoting the use of natural gas for power, industry, commercial and transport applications, owing to environmental considerations and the need to diversify energy supply.

R.A. 8371 or The Indigenous Peoples' Rights Act of 1997

R.A. 8371 or "The Indigenous Peoples' Rights Act of 1997" requires the free and prior informed consent of IPs who will be affected by any mining exploration. Under the IPRA, IPs is granted certain preferential rights to their ancestral domains and all resources found therein. Ancestral domains are defined as areas generally belonging to IPs, subject to property rights within ancestral domains already existing or vested upon the effectivity of the IPRA, comprising lands, inland waters, coastal areas, and natural resources, held under a claim of ownership, occupied or possessed by IPs by themselves or through their ancestors, communally or individually, since time immemorial, continuously to the present, except when interrupted by war, force majeure or displacement by force, deceit, stealth, or as a consequence of government projects or any voluntary dealings entered into by the Government and private persons, and which are necessary to ensure their economic, social and cultural welfare.

Under the IPRA, no concession, license, lease or agreement shall be issued by any government agency without the certification precondition ("CP") from the National Commission on Indigenous People. The CP states that the free, prior and informed consent ("FPIC") has been obtained from the concerned IPs. For areas not occupied by IPs, a certificate of non-overlap is issued instead by the NCIP. For areas occupied by IPs, the applicant and representatives from the NCIP will conduct consultations and consensus-building to obtain the consent of IPs. The FPIC is manifested through a memorandum of agreement with IPs, traditionally represented by their elders. The CP is then issued by the NCIP stating that the FPIC has been obtained from the IPs concerned.

In the course of mining exploration, the Company explores in certain areas which are covered by ancestral domains of IPs. No mining is allowed in such areas without first negotiating an agreement with IPs who will be affected by mining operations.

R.A. 7942 or The Philippine Mining Act of 1995

R.A. 7942 or "The Philippine Mining Act of 1995" is the governing law that regulates mineral resources development in the country. One of the primary objectives of this law is to revitalize the ailing Philippine mining industry by providing fiscal reforms and incentives and maintaining a viable inventory of mineral reserves to sustain the industry through the infusion of fresh capital through direct investments to finance mineral exploration and/or development activities. This law specifies the DENR as the primary agency responsible for the conservation, management, development, and proper use of the country's mineral resources, and the MGB as directly in charge of the administration and disposition of mineral lands and mineral resources.

The Mining Act introduced a new system of mineral resources exploration, development, utilization and conservation, with due regard to other laws (e.g., P.D. 1586 on environmental impact statement and other issues related to environmental management; R.A. 7586 or the National

Integrated Protected Areas System Act of 1992; R.A. 7160 or the Local Government Code of 1991; and R.A. 7916 or the Special Economic Zone Act of 1995).
The Mining Act fully recognizes the rights of IPs and respects their ancestral lands. No mineral agreements and mining permits are granted in ancestral lands/domains except with prior informed consent from IPs for areas as verified by the DENR Regional Office and/ or appropriate offices as actually occupied by IPs under a claim of time immemorial possession.

R. A. 8749 or The Philippine Clean Air Act of 1999

R.A. 8749 or the Philippine Clean Air Act of 1999 is a comprehensive air quality management program which aims to achieve and maintain healthy air for all Filipinos. Under this, the DENR is mandated to formulate a national program on how to prevent, manage, control and reverse air pollution using regulatory and market-based instruments, and set-up a mechanism for the proper identification and indemnification of victims of any damage or injury resulting from the adverse environmental impact of any project, activity or undertaking. To implement this law, the Government is promoting energy security thru a policy of energy independence, sustainability and efficiency. These involve:

(1) increasing oil and gas exploration;

(2) strengthening of the PNOC to spearhead the development of indigenous energy resources and building global partnerships and collaborative undertakings;

(3) pursuing the development of renewable energy such as geothermal, wind, solar, hydropower and biomass, and the vigorous utilization of the cleaner development mechanism and the emerging carbon market;

(4) expansion in the use of natural gas; and

(5) adoption of energy efficiency promotion strategies.

In support of this legislation, TA is participating in the oil and gas exploration and development of renewable energy sources. This is evident in the oil and gas exploration, and wind power projects of TA and its subsidiaries.

The Philippine Environmental Impact Statement System

Projects relating to petroleum and mineral exploration and production are required to comply with the Philippine EIS System. The Environmental Impact Statement (EIS) System was established by virtue of P.D. 1586 issued by former President Ferdinand E. Marcos in 1978. The EIS System requires all government agencies, government-owned or controlled corporations and private companies to prepare an Environmental Impact Assessment (EIA) for any project or activity that affects the quality of the environment. An EIA is a process that involves evaluating and predicting the likely impacts of a project (including cumulative impacts) on the environment and includes designing appropriate preventive, mitigating and enhancement measures to protect the environment and the community's welfare. An entity that complies with the EIS System is issued an Environmental Compliance Certificate (ECC), which is a document certifying that, based on the representations of the project proponent, the proposed project or undertaking will not cause significant negative environmental impacts and that the project proponent has complied with all the requirements of the EIS System.

To strengthen the implementation of the EIS System, Administrative Order No. ("AO") 42 was issued by the Office of the President of the Philippines in 2002. It provided for the streamlining of the ECC application processing and approval procedures. Pursuant to AO 42, the DENR promulgated DENR AO 2003-30, also known as the Implementing Rules and Regulations for the Philippine EIS System ("IRR"), in 2003.

Under the IRR, in general, only projects that pose potential significant impact to the environment would be required to secure ECCs. In determining the scope of the EIS System, two factors are considered, namely: (i) the nature of the project and its potential to cause significant negative environmental impacts, and (ii) the sensitivity or vulnerability of environmental resources in the project area.

Specifically, the criteria used for determining projects to be covered by the EIS System are as follows:

a. Characteristics of the project or undertaking -

  i. size of the project;

  ii. cumulative nature of impacts compared to other projects;

  iii. use of natural resources;

  iv. generation of wastes and environment-related nuisance; and

  v. environment-related hazards and risk of accidents.

b. Location of the project -

  i. vulnerability of the project area to disturbances due to its ecological importance, endangered or protected status;

  ii. conformity of the proposed project to existing land use, based on approved zoning or on national laws and regulations; and

  iii. relative abundance, quality and regenerative capacity of natural resources in the area, including the impact absorptive capacity of the environment.

c. Nature of the potential impact -

  i. geographic extent of the impact and size of affected population;

  ii. magnitude and complexity of the impact; and

  iii. likelihood, duration, frequency, and reversibility of the impact.

The ECC of a project not implemented within five (5) years from its date of issuance is deemed expired. The proponent must apply for a new ECC if it intends to pursue the project. The reckoning date of project implementation is the date of ground-breaking, based on the proponent's work plan as submitted to the EMB.

Petroleum service contractors are mandated to comply with all environmental laws and rules and regulations in all phases of exploration and production operations. ECCs or certificates of non-coverage, if applicable, are obtained from the Environmental Management Bureau of the DENR in coordination with the DOE.

The exploration, production and sale of oil and mineral deposits and power generation are subject to extensive national and local laws and regulations. The Company and its subsidiaries may incur substantial expenditures to comply with these laws and regulations, which may include permitting costs, adoption and implementation of anti-pollution equipment, methods and procedures, and payment of taxes and royalties.

Under these laws, the Company could be subject to claims for personal injury or property damages, including damages to natural resources, which may result from the impact of the Company's operations. Failure to comply with these laws may also result in the suspension or termination of the

Company's operations and subject it to administrative, civil and criminal penalties. Moreover, these laws could be modified or reinterpreted in ways that substantially increase the Company's costs of compliance. Any such liabilities, penalties, suspensions, terminations or regulatory changes could have a material adverse effect on the Company's financial condition and results of operations
TA's power supply and generation business is subject to the following laws, rules and regulations:

R.A. 9136 or The Electric Power Industry Reform Act of 2001 (EPIRA)

The power generation business of TA is governed by R.A. 9136 or the Electric Power Industry Reform Act of 2001. The enactment of the EPIRA has been a significant event in the Philippine energy industry. The EPIRA has three main objectives, namely: (i) to promote the utilization of indigenous, new and renewable energy resources in power generation, (ii) to cut the high cost of electric power in the Philippines, bring down electricity rates and improve delivery of power supply and (iii) to encourage private and foreign investment in the energy industry. The EPIRA triggered the implementation of a series of reforms in the Philippine power Industry. The two major (2) reforms are the restructuring of the electricity supply industry and the privatization of the NPC. The restructuring of the electricity industry calls for the separation of the different components of the power sector namely, generation, transmission, distribution and supply. On the other hand, the privatization of the NPC involves the sale of the state-owned power firm's generation and transmission assets (e.g., power plants and transmission facilities) to private investors. These two (2) reforms are aimed at encouraging greater competition and at attracting more private-sector investments in the power industry. A more competitive power industry will, in turn, result in lower power rates and a more efficient delivery of electricity supply to end-users.

Power generation is not considered a public utility operation under the EPIRA. Thus, a franchise is not needed to engage in the business of power generation. Nonetheless, no person or entity may engage in the generation of electricity unless such person or entity has complied with the standards, requirements and other terms and conditions set by the ERC and has received a COC from the ERC to operate the generation facilities. A COC is valid for a period of five (5) years from the date of issuance. In addition to the COC requirement, a generation company must comply with technical, financial and environmental standards. A generation company must ensure that all of its facilities connected to the Grid meet the technical design and operational criteria of the Philippine Grid Code and the Philippine Distribution Code promulgated by the ERC. The ERC has also issued the "Guidelines for the Financial Standards of Generation Companies," which set the minimum financial capability standards for generation companies. Under the guidelines, a generation company is required to meet a minimum annual interest cover ratio or debt service coverage ratio of 1.5x throughout the period covered by its COC. For COC applications and renewals, the guidelines require the submission to the ERC of, among other things, comparative audited financial statements, a schedule of liabilities, and a five-year financial plan. For the duration of the COC, the guidelines also require a generation company to submit to the ERC audited financial statements and forecast financial statements for the next two (2) fiscal years, among other documents. The failure by a generation company to submit the requirements prescribed by the guidelines may be a ground for the imposition of fines and penalties. TA, TA Power and CIPP are required under the EPIRA to obtain a COC from the ERC for their generation facilities. They are also required to comply with technical, financial and environmental standards provided in existing laws and regulations in their operations.

Restructuring of the Electricity Industry

One of the major reforms under the EPIRA involves the restructuring of the electricity supply industry, which calls for the separation of the different components of the electric power industry namely, generation, transmission, distribution and supply.

Under the EPIRA, power generation and supply (which are not considered public utility operations) are deregulated but power distribution and transmission continue to be regulated (as common electricity carrier business) by the ERC which replaced the Energy Regulatory Board.

To promote true competition and prevent monopolistic practices, the EPIRA provides for explicit caps or limits on the volume of electricity that a distribution utility can buy from an affiliated company that is engaged in power generation. Likewise, the law also provides that "no company or related group can own, operate or control more than 30% of the installed capacity of a grid and/or 25% of the national installed generating capacity".

Energy Regulatory Commission (ERC)

The ERC is an independent, quasi-judicial regulatory body tasked to promote competition in the power industry, encourage market development and ensure customer choice. Compared to its predecessor, the ERC has broader powers to prevent and penalize anti-competitive practices.

The ERC is the government agency in-charge of the regulation of the electric power industry in the Philippines. The ERC was created by virtue of Section 38 of the Electric Power Industry Reform Act (EPIRA) of 2001 to replace the Energy Regulatory Board. Its mission is to promote and protect long-term consumer interests in terms of quality, reliability, and reasonable pricing of a sustainable supply of electricity.

The relevant powers and functions of the ERC are as follows:

1. Promote competition, encourage market development, ensure customer choice and penalize abuse of market power in the electricity industry. To carry out this undertaking, ERC shall, promulgate necessary rules and regulations, including Competition Rules, and impose fines or penalties for any non-compliance with or breach of the EPIRA, the Implementing Rules and Regulations of the EPIRA, and other rules and regulation which it promulgates or administers as well as other laws it is tasked to implement/enforce.

2. Determine, fix and approve, after due notice and hearing, Transmission and Distribution Wheeling Charges, and Retail Rates through an ERC established and enforced rate setting methodology that will promote efficiency and non-discrimination.

3. Approve applications for, issue, grant, revoke, review and modify Certificate of Public Convenience and Necessity (CPCN), Certificate of Compliance (COC), as well as licenses and/or permits of electric industry participants.

4. Promulgate and enforce a national Grid Code and a Distribution Code that shall include performance standards and the minimum financial capability standards and other terms and conditions for access to and use of the transmission and distribution facilities.

5. Enforce the rules and regulations governing the operations of the Wholesale Electricity Spot Market (WESM) and the activities of the WESM operator and other WESM participants, for the purpose of ensuring greater supply and rational pricing of electricity.

6. Ensure that NPC and distribution utilities functionally and structurally unbundle their respective business activities and rates; determine the level of cross subsidies in the existing retail rates until the same is removed and thereafter, ensure that the charges of Transco or any distribution utility bear no cross subsidies between grids, within grids, or between classes of customers, except as provided by law.

7. Set a Lifeline Rate for the Marginalized End-Users.

8. Promulgate rules and regulations prescribing the qualifications of Suppliers which shall include, among other things, their technical and financial capability and credit worthiness.

9. Determine the electricity End-users comprising the Contestable and Captive Markets.

10. Verify the reasonable amounts and determine the manner and duration for the full recovery of stranded debts and stranded contract costs of NPC and the distribution utilities.

11. Handle consumer complaints and ensure promotion of consumer interests.

12. Act on applications for cost recovery and return on Demand-Side Management (DSM) projects.

13. Fix user fees to be charged by Transco for ancillary services to all electric power industry participants or self-generating entities connected to the Grid.

14. Review power purchase contracts between IPPs and NPC, including the distribution utilities.

15. Monitor and take measures to discourage/penalize abuse of market power, cartelization and any anti-competitive or discriminatory behavior by any electric power industry participant.

16. Review and approve the terms and conditions of service of the Transco or any distribution utility and any changes therein.

17. Determine, fix and approve a universal charge to be imposed on all electricity end-users.

18. Test, calibrate and seal electric watt-hour meters.

19. Implement pertinent provisions of R.A. No. 7832 or the Anti-Pilferage of Electricity Law.

20. Fix and regulate the rate schedule or prices of piped gas to be charged by duly the ERC is headed by a Chairperson together with four Commissioners.

Privatization of NAPOCOR and creation of PSALM

Another major reform under the EPIRA is the privatization of the NPC which involves the sale of the state-owned power firm's generation and transmission assets (*e.g.*, power plants and transmission facilities) to private investors. Government-owned NAPOCOR had been solely responsible for the total electrification of the country since 1936.

Under the EPIRA, the NPC generation and transmission facilities, real estate properties and other disposable assets, as well as its power supply contracts with IPPs were privatized. Two weeks after the EPIRA was signed into law, the PSALM, a government-owned and controlled corporation, was formed to help NPC sell its assets to private companies. The exact manner and mode by which these assets would be sold would be determined by the PSALM. The PSALM was tasked to manage the orderly sale, disposition and privatization of the NPC, with the objective of liquidating all of the NPC's financial obligations and stranded contract costs in an optimal manner.

Birth of the National Grid Corporation of the Philippines

Another entity created by the EPIRA was the TRANSCO, which would assume all of the electricity transmission functions of the NPC. In December 2007, the TRANSCO was privatized through a management concession agreement. The management and operation of TRANSCO's nationwide power transmission system was turned over to a consortium called NGCP composed of Monte Oro Grid Resources Corporation, Calaca High Power Corporation and the State Grid Corporation of Hong Kong Ltd. The approved franchise of NGCP was for 50 years.

Thus, with the creation of the PSALM and NGCP to which the assets and debts of the NPC were transferred, the NPC was left with only the operation of Small Power Utilities Group or SPUG – a functional unit of the NPC created to pursue missionary electrification function.

Retail Competition and Open Access (RCOA)

The EPIRA mandates the implementation of open access to distribution network so that the benefits of competition in the generation/supply sector could really trickle down to the qualified consumers. The implementation of the retail competition and open access paves the way to the creation of the new segment in the power industry which is the Retail Electricity Suppliers.

Retail competition and open access is a condition wherein contestable customers (*i.e*., industries, commercial establishments and residential users) can exercise freedom to choose their respective retail electricity supplier which could offer the most reasonable cost and provide the most efficient service. In other words, the ultimate objective of the open access reform is to provide consumer satisfaction through customer choice and empowerment.

Based on EPIRA, there are five (5) conditions for declaring the implementation of Retail Competition and Open Access. These are (i) the establishment of the WESM, (ii) the approval of unbundled transmission and distribution wheeling charges, (iii) the initial implementation of the cross subsidy removal scheme, (iv) the privatization of at least 70% of the total generating assets of the NPC in Luzon and Visayas and (v) the transfer of the management and control of at least 70% of the total energy output of power plants under contract with the NPC to the IPP administrators.

Following is the status of the conditions to retail competition and open access:

	EPIRA Requirement	**Status**
1.	Establishment of the WESM	Completed
2.	Approval of unbundled transmission & distribution wheeling charges	Completed
3.	Initial implementation of the cross subsidy removal scheme	Completed
4.	Privatization of at least 70% of the total generating asset capacity of NPC in Luzon	Completed
5.	Privatization of management & control of at least 70% of the total energy output of power plant under contract with NPC to the IPPA.	Completed

RCOA was declared last December 26, 2012. Six (6) months after, actual implementation commences.

Latest update on RCOA includes the release of DOE Circular DC2015-06-0010 providing policies in facilitating the full implementation of the RCOA by June 26, 2016. Apart from full contestability of at least 1MW customers, the policy also provides the direction of lowering the threshold of contestability to 750kW average monthly consumption. Further provision was also laid out on Aggregators being able to compete with RES, Generation Company and Prospective Generation Company.

Wholesale Electricity Spot Market (WESM)

The EPIRA provided for the creation of the WESM, a trading platform where electricity generated by power producers are centrally coordinated and traded like any other commodity in a market of goods. The objective is to provide a venue for free and fair trade of, and investment in, the electricity market for and by generators, distributors and suppliers. The WESM is implemented by a market operator, an autonomous group constituted by the DOE with equitable representation from electric power industry participants.

The DOE formulated the WESM rules, which provide for the procedures for (i) establishing the merit order dispatch instruction for each time period, (ii) determining the market-clearing price for each time period, (iii) administering the market and (iv) prescribing guidelines for market operation in system emergencies.

Distribution utilities may enter into bilateral power supply contracts, but for the first five (5) years from the establishment of the WESM, no distribution utility may source more than 90% of its total demand from bilateral power supply contracts. This is in keeping with the objective of promoting true market competition and to prevent harmful monopoly and market power abuse.

The WESM provides a venue whereby generators may sell power, and at the same time suppliers and wholesale consumers can purchase electricity where no bilateral contract exists between the two (2).

On November 18, 2003, the DOE established the Philippine Electricity Market Corporation as a non-stock, non-profit corporation. PEMC's membership is comprised of an equitable representation of electricity industry participants and chaired by the DOE Secretary. Its purpose is to act as the autonomous market group operator and the governing arm of the WESM. It also undertook the preparatory work for the establishment of the WESM.

The WESM started its Luzon operations on June 26, 2006 of which TA has been actively participating as a wholesale aggregator since November 2006 and TA Power as a wholesale generator since October 2006. The commercial operations of the WESM in the Visayas commenced last December 26, 2010 of which TA also participates through its Guimaras power plant as a wholesale generator since April 2011.

DOE Philippine Energy Plan 2009-2030

The thrusts and objectives of the country's national energy policy are clearly articulated in the 2009-2030 Philippine Energy Plan (PEP) prepared by the DOE. The three-fold policies thrusts of the PEP are (i) ensure energy security, (ii) pursue effective implementation of energy sector reforms, and (iii) implement social mobilization and cross-sector monitoring mechanism. For the Philippines to achieve these objectives, the following policy reform measures have to be implemented effectively:

1. Ensure energy security
    a. Accelerate the exploration and development of oil, gas, and coal resources
    b. Intensify development and utilization of renewable and environment-friendly alternative energy resources / technologies
    c. Enhance energy efficiency and conservation
    d. Attain nationwide electrification
    e. Put in place long-term reliable power supply
    f. Improve transmission and distribution systems
    g. Secure vital energy infrastructure and facilities
    h. Maintain a competitive energy investment climate
2. Pursue effective implementation of energy sector reforms
    a. Monitor the implementation of, and if, necessary, recommend amendments to existing energy laws
    b. Promote an efficient, competitive, transparent, and reliable energy sector
    c. Advocate the passage of new and necessary laws
3. Implement social mobilization and cross-sector monitoring mechanism

a. Expand reach through information, education, and communication

b. Establish cross-sector monitoring mechanism in cooperation with other national government agencies, local government units (LGUs), non-government organizations (NGOs), and other local and international organizations

c. Promote good governance

Considering the challenges posed by climate change to the global economy, the development of renewable energy has gained prominence in recent years. The target of the PEP is to increase installed capacity of renewable energy from 5,390MW in 2009 to 12,381MW by 2030 or an average increase of 4.0% per annum. Wind energy is projected to post the largest increase in installed capacity at 17.7% per annum to reach 1,018MW by 2030. Solar and biomass are likewise projected to register double-digit growth rates of 12.6% and 11.5%, respectively. However, in spite of the robust growth projections for these three emerging energy resources, hydropower, and geothermal will still account for a combined 88% of total installed capacity of the renewable energy sector by 2030.

Measurable Targets for the Renewable Energy Sector, Philippine Energy Plan, 2009-2030

Cumulative Installed Capacity (MW)	**2015**	**2020**	**2025**	**2030**
Hydropower	4,434	6,432	6,615	7,534
Geothermal	2,382	3,037	3,177	3,447
Wind	199	903	953	1,018
Solar	12	36	61	85
Biomass[1]	94	-	-	297
TOTAL	7,121	10,408	10,806	12,381

[1] There is an additional indicative capacity of 240.8MW for biomass. However, no data was provided as to what year the indicative capacities would come in.

The Renewable Energy Act of 2008

On 16 December 2008, then President Gloria Macapagal-Arroyo signed into law Republic Act No. 9513, also known as the Renewable Energy Act of 2008 (the RE Law). The RE Law then took effect on January 31, 2009. It aims to accelerate the development and exploration of renewable energy resources in the country such as wind, hydro and geothermal energy sources to achieve energy self-reliance and independence. It also aims to increase the utilization of renewable energy by institutionalizing the development of national and local capabilities in the use of renewable energy systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives.

With this act, it is envisioned that the country will aggressively develop resources such as solar, biomass, geothermal, hydropower, wind and ocean energy technologies. The said law is also expected to mitigate the global problem of climate change. The target is to make the Philippines 60% energy self-sufficient by 2010.

Specifically, the law provides prospective proponents in renewable energy with the following benefits and advantages:

1. Market
   a. Renewable portfolio market – all registered suppliers of electricity will have to source a certain percentage of their supply from eligible renewable energy sources
   b. Renewable energy market – refers to the market (to be incorporated in the wholesale electricity spot market (WESM)) where the trading of renewable energy certificates to an amount generated from renewable energy resources is made;

c. Green option – provides end-users with the option to choose renewable energy resources as their sources of energy; also allows end-users to directly contract from renewable energy facilities their energy requirements distributed through their utilities; and
d. Net metering for renewable energy – allows a user of renewable energy technology (e.g., solar) to sell back to a utility at the latter's retail price any excess in generation from the house electricity consumption.

2. Pricing mechanism through a Feed-in-Tariff (FIT) system
   a. Allows a fixed price of electricity from renewable energy sources for 12 years to be determined by the Energy Regulatory Commission (ERC) in consultation with the National Renewable Energy Board (NREB) within one year upon the effectivity of the law) and priority purchase, transmission, and payment from the national grid; and

   b. Mandated for electricity produced from wind, solar, ocean, run-of-river hydropower, and biomass.

3. Access to the grid through transmission and distribution system development
   a) Requires the Transmission Corporation and distribution utilities (DUs) to include required connection facilities for renewable energy-based projects in the Transmission and Distribution Plans subject to the approval of the DOE; and
   b) Connection facilities of renewable energy plants, including the extension of transmission and distribution lines, shall be subject only to ancillary services covering such connections.

The DOE is the lead government agency tasked to implement the provisions of the RE Law. The Implementing Rules and Regulations of the RE Law were released in May 2009 and presented the guidelines on the implementation of the various fiscal and non-fiscal incentives provided by the law, which include the following:

a. Renewable Portfolio Standards

The RPS aims to contribute to the growth of the renewable energy industry by imposing that a fraction of the electricity generated or distributed by electric power industry participants be sourced from eligible renewable energy resources. The National Renewable Energy Board, created under the RE Law to oversee its implementation shall set the minimum percentage of generation required. Upon the recommendation of the NREB, the DOE is tasked to determine the incremental increase in the electricity sold by RPS-mandated industry participant, which shall not be less than one percent (1%) of its annual energy demand over the next 10 years. The DOE shall also formulate means of compliance for the mandated RPS participants to meet the RPS requirements, including direct generation, contracting of energy or trading from eligible renewable energy resources. The DOE shall establish the renewable energy market where trading of renewable energy certificates can be made, and the renewable energy registrant which shall issue, keep and verify these renewable energy certificates.

b. Feed-in-Tariff System

On July 27, 2012, the Energy Regulatory Commission (ERC) approved the initial FITs that shall apply to generation from Run-of-River Hydro, Biomass, Wind, and Solar. The said FIT rates are as follows: ₱5.90/kwh for Run-of-River Hydro, ₱6.63/kwh for Biomass, ₱8.53/kwh for Wind and ₱9.68/kwh for Solar. The ERC, however, deferred fixing the FIT for Ocean Thermal Energy Conversion (OTEC) Resource for further study and data gathering. The decision came after a series of public hearings ending in March 2012, on the petition of the National Renewable Energy Board (NREB) for the setting of the FITs.

Under the Renewable Energy Law, all qualified and registered generating plants with intermittent renewable energy resources shall enjoy the benefit of priority dispatch. Priority purchase, transmission and payment for such electricity is also provided for by the RE Law. Furthermore, all renewable energy generators are ensured of payment for electricity generated via the Feed-in-Tariff Scheme for a period of 20 years.

On May 17, 2013 TAREC received DOE's Declaration of Commerciality for the San Lorenzo Project. The DOC means that the Project will be eligible to avail of the Feed-in Tariff, but only upon successful completion and commissioning of the Project. The Project will compete with at least three (3) other wind power projects for the 200 MW allocated by the DOE to wind projects.

c. The NGCP and all distribution utilities are mandated to include the required connection facilities for renewable energy-based electricity in their transmission and distribution development plans. They are also required to effect the connection of renewable energy-based power facilities with the grid, upon the approval of the DOE, at the start of their commercial operations. The ERC shall provide the mechanism for the recovery of the cost of these connection facilities.

d. The RE Law provides for the following fiscal-incentives:

1. Income tax holiday for a period of seven (7) years from the start of commercial operation;
2. Exemption from duties on renewable energy machinery, equipment and materials;
3. Special realty tax rates on equipment and machinery;
4. Net operating loss carry over of the renewable energy developer during the first three (3) years from start of commercial operation shall be carried over for the next seven (7) consecutive taxable years immediately following the year of such loss;
5. Corporate tax rate of 10%;
6. Accelerated depreciation;
7. Zero percent value-added tax on energy sale;
8. Tax exemption of carbon credits; and
9. Tax credit on domestic capital equipment and services related to the installation of equipment and machinery.

National Renewable Energy Board (NREB) and the Renewable Energy Management Bureau (REMB)

For purposes of the promoting the development of renewable energy resources, two new government bodies were created under the R.A 9513 or the Renewable Energy Law – the National Renewable Energy Board (NREB) and the Renewable Energy Management Bureau (REMB).

NREB will serve as the recommending body on renewable energy policies and action plans for implantation by the DOE. As provided under Section 27 of the Renewable Energy Law, the powers and functions of the NREB are as follows:

1. Evaluate and recommend to the DOE the mandated RPS and minimum RE generation capacities in off-grid areas, as it deems appropriate;
2. Recommend specific actions to facilitate the implementation of the National Renewable Energy Program (NREP) to be executed by the DOE and other appropriate agencies of government and to ensure that there will be no overlapping and redundant functions within the national government department and agencies concerned;
3. Monitor and review the implementation of the NREP, including compliance with the RPS and minimum RE generation capacities in off-grid areas;
4. Oversee and monitor the utilization of the Renewable Energy Trust Fund created pursuant to Section 28 of the Renewable Energy Law and administered by the DOE; and
5. Perform such other functions, as may be necessary, to attain the objectives of the Renewable Energy Law.

The NREB shall be composed of a Chairman and one representative from the DOE, Department of Trade and Industry (DTI), Department of Environment and Natural Resources (DENR), National Power Corporation, (NPC), and NGCP, Philippine National Oil Company (PNOC) and Philippine Electricity Market Corporation (PEMC) shall be designated by their respective secretaries to the NREB on a permanent basis. The Board shall also have one representative from the following sectors: (1) renewable energy developers, (2) government financial institutions, (3) private distribution utilities, (4) electric cooperatives, (5) electricity suppliers, and (6) nongovernment organizations (NGOs), duly endorsed by their respective industry associations and all to be appointed by the President of the Republic of the Philippines.

On the other hand, REMB was created for the purpose of implementing the provisions of the Renewable Energy Law. The REMB shall replace the Energy Utilization Management Bureau under the DOE.

The power and functions of the REMB are as follows:

1. Implement policies, plans and programs related to the accelerated development, transformation, utilization and commercialization of renewable energy resources and technologies;
2. Develop and maintain a centralized, comprehensive and unified data and information base on renewable energy resources to ensure the efficient evaluation, analysis, and dissemination of data and information on renewable energy resources, development, utilization, demand and technology application;
3. Promote the commercialization / application of renewable energy resources including new and emerging technologies for efficient and economical transformation, conversion, processing, marketing and distribution to end users;
4. Conduct technical research, socio-economic and environment impact studies of renewable energy projects for the development of sustainable renewable energy systems;
5. Supervise and monitor activities of government and private companies and entities on renewable energy resources development and utilization to ensure compliance with existing rules, regulations, guidelines and standards;
6. Provide information, consultation and technical training and advisory services to developers, practitioners and entities involved in renewable energy technology and develop renewable energy technology development strategies; and
7. Perform other functions that may be necessary for the effective implementation of the Renewable Energy Law and the accelerated development and utilization of renewable energy resources in the country.

Environmental Laws

The Company's power generation operations are subject to extensive, evolving and increasingly stringent safety, health and environmental laws and regulations. These laws and regulations, such as R.A. 8749 or the Clean Air Act and Republic Act 9275 or the Philippine Clean Water Act, address, among other things, air emissions, wastewater discharges, the generation, handling, storage, transportation, treatment and disposal of toxic or hazardous chemicals, materials and waste, workplace conditions and employee exposure to hazardous substances. TA and its subsidiaries have incurred, and expect to continue to incur, operating costs to comply with such laws and regulations. In addition, TA and its subsidiaries have made and expect to make capital expenditures on an ongoing basis to comply with safety, health and environmental laws and regulations.

Human Capital

As of December 31, 2015, TA has 254 employees 63 employees are in its Makati office, 14 in Guimaras Island, 21 in CIPP in La Union, 31 for TAPGC in Bulacan, 62 for Power Barges, 47 for One Subic and 16 for TAREC in Guimaras. Of the total employees, 23 are managers and officers, 216 are supervisors, and 15 are nonsupervisory employees. The Company has the intention of hiring additional employees for the ensuing months.

TA has no Collective Bargaining Agreement (CBA) with its employees. No employees went on strike for the past three (3) years nor is the Company aware of any intention of the employees to go on strike.

Aside from compensation, TA's employees are given medical, hospitalization, vacation and sick leave, and personal accident insurance benefits. Also, the Company has a retirement fund which is part of the PHINMA Jumbo Retirement Plan. It is a funded, noncontributory defined benefit pension plan covering all fulltime employees of PHINMA and its affiliates. The benefits are based on tenure and remuneration during the years of employment. The company has likewise been developing its succession program to fill in key positions within the organization, as well as to deepen the bench in anticipation of future growth.

The company encourages and supports work-life balance for its employees. Initiated by its CSR department, the company instituted the S.I.G.L.A. program, which stands for Special Interest Groups for Life-balance Activities. Various groups, which are spearheaded and led by Trans-Asia employees for Trans-Asia employees, are provided with funding and resources to promote a happier place to work. Through the PHINMA H.E.R.O Network, employee volunteerism takes its shape in a mix of activities and advocacies. In 2015, Trans-Asia had a 90% participation rate, espousing that Trans-Asia employees are HERO's or Helpful Employees Responsible for Others.

Risk Factors

Risks Related to the Business

A major breakdown of the Company's power plant facilities may adversely affect the results of operations.

The Company's power plants operate machinery with many moving parts. Wear and tear due to operations will inevitably require replacement of parts which require regular maintenance. Even though the Company strictly follows the recommended maintenance schedules for the machinery in its power plants, there may be times when unforeseen breakdowns may cause unplanned full or partial plant shutdowns that may materially affect the Company's ability to deliver the required power to its customers.

To mitigate this, the Company follows the recommended maintenance schedule to minimize the possibility of major breakdowns. Furthermore, the oil-fired power plants that the Company operates have multiple engines, so that the breakdown of one engine may not necessarily affect the other units, thereby minimizing any effects that a particular problem may have on the operation of a plant as a whole.

The lack of available spare parts to replace worn down portions of the Company's plant facilities may adversely affect operations.

Maintenance of the Company's power plant facilities occasionally requires replacement of some of the parts of the operating machineries. Any delay in the delivery or availability of these parts may cause delays in the operations of the machinery being repaired, thereby lengthening down time and increasing opportunity losses.

The Company maintains diversified sources of spare parts from all over the world. It also continuously monitors market prices from various sources other than its own regular suppliers to identify alternate sources of spare parts and materials. In instances where replacement parts have longer delivery times, the plants normally maintain inventories of its critical parts.

A transmission line breakdown may prevent the Company from delivering power to its customers.

Power must be wheeled from the generation source through transmission lines to reach the consumer. The Company supplies power to Holcim's cement plant, exposing the Company to natural or man-made risks of transmission line failures that may prevent the delivery of power. Furthermore, the power that the Company purchases from the WESM is likewise delivered via transmission lines to both the La Union and Bulacan cement plants of Holcim. A breakdown of the transmission line when: (a) power purchased from the WESM may be lower than the Company's own cost of generation, and (b) WESM prices are higher and the Company has excess generating capacity may prevent the Company from taking advantage of trading opportunities available in the electricity spot market.

A natural mitigating measure that the Company has used is to locate its plants near its customers, thereby reducing the use and therefore dependence on transmission lines. TA Power is located right beside the Bulacan plant of Holcim and the Guimaras Power Plant is located within the island. In the case of Holcim's La Union cement plant, the Company has CIPP II 21 MW plant to provide peaking and backup power in that region.

Disruptions to the supply of fuel could result in a substantial reduction in generation or increased power plant operating cost, and may have an adverse effect on the Company's financial performance and financial position.

In 2015, the Company diversely purchased Bunker C fuel for its power generation business from PTT, Petron Corporation and SL Harbor Bulk Terminal Corporation. Any delay in fuel deliveries or disruptions in fuel supply may result in unplanned plant shutdowns. To protect against such disruptions in fuel supply, long term contracts with the fuel supplier were executed. The oil company will give priority deliveries to the Company's plants in case of temporary fuel shortage along the supply chain. Further, if the fuel supplier fails to deliver, the Company may buy fuel from other vendors with the fuel supplier liable to the replacement cost, allowing the Company to sustain its competitiveness. In the event of *force majeure* situations, however, the Company's operations will be adversely affected.

To mitigate this risk, the Company maintains safe and strategic inventory levels of fuel to ensure continuous electricity production. With its strategic initiatives and established strong relationships with other fuel suppliers, the Company could obtain alternate sources and arrange the timely delivery of fuel.

SLTEC has secured a long-term coal supply agreement with Semirara Mining Corporation (SMC) for the fuel requirements of its 2 X 135MW coal-fired power plant in Calaca, Batangas. SMC is the country's largest coal producer which contributes about 92% of local coal production. In order to ensure the security of coal supply, SLTEC has likewise entered into a separate coal supply agreement with a major coal company in Indonesia based on an initial validity period of three years subject to additional term extension.

Moving forward, the Company shall continue cultivating relationships with alternative suppliers in the region to mitigate supply delivery risk and as fall back sources in the future.

The Company's results of operations and financial condition may be adversely affected by changes in foreign currency rates.

The Company may face risks from foreign exchange rate fluctuations, especially as it affects fuel prices and the cost of spare parts and equipment. Foreign currency risk is a risk of loss from carrying out operations, or holding assets and liabilities, in a foreign currency. The magnitude of the risk has increased in recent years because of the growth in international trade and financing and the increased magnitude of exchange rate fluctuations.

Foreign currency risk is managed by holdings of cash and securities in Philippine pesos and foreign currencies according to an approved currency exposure allocation scheme.

Foreign exchange risks are also managed by constant monitoring of the political and economic environments and trading either by spot conversions and forward transactions on a deliverable or non-deliverable basis to protect values.

The Company may not collect all or a portion of its receivables.

The Company carries collection risk when it does not demand up-front cash payment for delivered products or rendered services. The Company must be able to collect promptly from its customers to be able to pay its obligations and finance its operations.

To mitigate this risk, the Company continues to assess the financial condition of its customers on a regular basis. In cases where a customer shows financial difficulty, the Company may reduce power supply, cut off credit entirely or change payment terms to payment in advance to reduce exposure to collection risk and subsequent payment defaults.

The Company may also explore the possibility of requiring security or deposit holdouts for customers whose requirements reach a certain level.

WESM electricity prices may increase drastically due to various reasons such as lack of supply or transmission grid failure.

Electricity trading with the customer is usually defined through a bilateral contract with a pre-defined price. The volatility of the market spot price increases the risk of having a buying price that is higher than the selling price.

To mitigate this risk, the Company has a backup power plant that can be used as bilateral supplier in the event that market prices increase beyond the price that the Company can buy. Furthermore, the Company has contracted capacity from One Subic Power Generation Corporation's 116MW power plant located in Subic Bay, Zambales, and MGI's 20MW geothermal plant, SLTEC's 135MW coal-fired power plant located in Calaca, Batangas and up to 45MW from Sem-Calaca Power Corporation to be able to sell more power during high spot market prices. This is a hedging technique wherein suppliers refrain from taking any electricity from the market whenever market price increases beyond its reference price.

The Company's petroleum projects may not yield oil or gas deposits in commercial quantities, thus adversely affecting the recovery of the Company's investments.

The major risk associated with the Company's oil projects is exploration risk. There is no certainty of finding commercial petroleum below the surface of the earth. Commercial deposits of petroleum lie deep in the bowels of the earth, and the ultimate objective of exploration work is to find out where these are located. Unfortunately, no instrument or methodology has yet been invented that would directly point to the existence of a commercial deposit. Present methods used in exploration are indirect probes where data are subject to interpretation or "best judgment". This is where the risk emanates, but it is mitigated by careful and judicious application of scientific methods and data analyses. To manage exploration risk, the Company employs various methods to identify and quantify exploration risk using geological and risk-economic yardsticks. The following approaches are used, as applicable:

1. *Use of technical expertise and state-of-the-art technology.* Technical expertise refers to tapping the professional and special capabilities of experienced professionals or teams with proven success records in resource determination or delineation. State-of-the-art technology refers to "computer-based" analysis and interpretation of exploration data which enable modelling of subsurface conditions that could host commercial volumes of oil.

2. *Phased exploration programs with clear exit points.* Exploration is carried out in phases or stages depending on the complexity of the problem at hand. At the end of each phase, the exploration participants are given a chance to assess the results and consequently decide whether to proceed or exit from the work program. It follows that encouraging results from a certain phase shall provide incentive to proceed to the next phase; otherwise the Company can withdraw if the chances of success are perceived to be low.

3. *Determination of participation levels based on available risk capital, expenditure commitments and probability of success.* The extent to which the Company participates in any given exploration program is a function of risk capital at its disposal, the expenses required to finance the exploration program and the chance of success from said exploration program. It is quite clear that, given a program with high probability of success but where the required expenditure commitment is large, participation will be constrained by disposable capital.

4. *Investment in exploration projects with varying risk profiles.* This approach dictates that the Company's oil exploration project portfolio should contain a judicious mix of high- and low-risk projects.

5. *Participation in exploration consortia, in the event 100% equity is not warranted by risk assessment.* Where the assessment says the risk is too high for a single entity to assume, it would be prudent to spread the risk by entertaining participation of other parties in a company-owned acreage, or joining an exploration consortium

6. *Distribution of participation in many rather than one or a few contracts or tenements.* The Company diversifies its project risks by participating in many projects rather than in a single project.

7. *Use of options, whenever feasible.* Some exploration projects are designed in such manner that "options" for entry and exit are provided. This is meant to cater to a wide spectrum of risk tolerance by the incoming party. Options are usually cheap or affordable at the early stages of the project. Then, they gradually increase in value as exploration progresses to such level where the risk is easily discernible and the potential rewards are more or less foreseeable. Under this scenario, the investor is given some flexibility as to when he should commit to the project.

8. *Dilution of interest in phases of work which entail heavy expenditures or high risk*. As the exploration program advances towards its conclusion, the magnitude of expenditures increases to the point that those who were able to gain entry at the early stages might no longer afford the forward financial commitments. One way to mitigate the burden and at the same time retain the interest in the project is to allow dilution or reduction in one's participating interest. The main objective is to maintain an interest in the project until commercial operations commence.

9. *Capping of annual exploration expenditures to projected Company income for the year.* This approach places a self-imposed ceiling on the amount of expenditures that may be used for participation in exploration projects. This expenditure level must be affordable for the Company, i.e. in the event of failure, the Company should still be able maintain a strong financial standing.

10. *Investment in less risky, non-exploration ventures or projects to balance risk exposure.* This approach directs the Company to invest in ventures with greater chance of success or with a more predictable revenue stream to offset the potential ill effects of risky exploration ventures.

Changes in market interest rates may adversely affect the value of financial instruments held by the Company.

The Company holds financial instruments composed of cash and cash equivalents, listed shares of stocks, and investments in mutual and trust funds in Philippine pesos. These are used to finance the Company's operations and investments.

These financial instruments are primarily exposed to interest rate risk. Relative value of financial instruments may decline as a result of changes in market interest rates.

The Company's principal financial instruments are managed by PHINMA's Treasury Department by establishing "red lines," which are reviewed and revised as the need arises for major movements in the financial markets and are used to determine dealing parameters. Red lines are the strategic yield curves, bond prices or spreads that serve as guides whether to buy, hold or sell financial instruments as applicable as approved by management. Regular comparison is also done with defined benchmarks. Market and portfolio reviews are done at least once a week during the weekly Treasury Department meeting and as often as necessary should market conditions require so. Monthly reports are prepared by Finance for board review.

Adverse business results of the issuers of securities held by the Company may negatively affect the value of TA's investments.

The Company may face credit risk as an investor. Credit risk is a risk that the issuer of a security, such as a bond, may default on interest and/or principal payments or become bankrupt. If either event occurs, the Company may lose part or all of its investments.

In order to mitigate the credit risk, investments are restricted only to the Company's duly accredited domestic and foreign banks and mutual funds. The Company's investible funds can be invested in one bank/mutual fund up to 50% of the Company's outstanding investments however this limit is subject to PHINMA's Treasury Department's periodic assessment of the banks'/funds' financial soundness and business performance. For unit investment trust fund ("UITF") and mutual funds, fund placements cannot exceed 10% of the UITF's or mutual fund's fund size. UITF's and mutual funds' investment performances are reviewed weekly and monthly.

Investments in non-rated securities, primarily corporate bonds, are subject to a comprehensive credit and business review in coordination with sponsoring dealers or underwriters. For rated corporate bonds and sovereign bonds, credit ratings studies/updates from the major rating agencies are used as references (such as Standard and Poor's, and Moody's). All major investments are discussed and approved by the Company's Investment Committee.

Exposure limits are tracked for every transaction; major transaction executions are closely supervised. Market and portfolio reviews are done at least once a week during the weekly Treasury Department meeting and as often as necessary should market conditions require so. Monthly reports are prepared by Finance for board review.

The Company's working capital may be insufficient to meet its near term financial requirements.

The Company may be exposed to liquidity risk, when the Company's working capital becomes insufficient to meet near-term financial requirements.

Liquidity risk is managed by continuous monitoring of the projected weekly/monthly cash flows, as well as the longer term cash flows of the Company. Liquidity risks are also managed by restricting investments principally to publicly traded securities with a history of marketability and by dealing only with large reputable domestic and international institutions.

Maturities of each investment are spread out into various lengths of time as may be required by the Company's plans and cash flow needs.

The Company's operations adverse impact on the environment and may adversely affect its financial condition and results of operations.

The Company and its subsidiaries and affiliates are exposed to environmental risks. These are risks that can affect the health and viability of living things and the condition of the physical environment. Adverse effects can be caused by the release of pollutants to air, land or water. Pollutants include waste, emissions (e.g. fumes, smoke, etc.) and noise. Environmental damage can also be caused by irresponsible use of energy and natural resources. Environmental issues can have a significant impact on the Company's operating and financial results.

The Company abides by a number of different environmental laws, regulations, and reporting requirements while it also faces growing constraints in accessing petroleum and mineral reserves, and producing electricity, as the continued search for new sources of oil and energy conflicts with growing efforts to protect and preserve ecosystems and communities.

The Company complies with all environmental regulations prescribed by the DENR. The Company regularly assesses the environmental impact of its business activities and implements control measures to minimize environmental risks. Among other items, the Company regularly incurs expenditures for:

1. prevention, control, abatement or elimination of releases into the air, land and water of pollutants,

2. training of personnel in the event accidents happen to mitigate potential damages,

3. proper disposal and handling of wastes at operating facilities, and

4. promotion of renewable energy sources.

The Company also procures insurance cover for pollution and environmental damage that may be caused by its operations.

The Company's results of operations and financial condition may be adversely affected by risks associated with its efforts in relation to corporate social responsibility.

Many of the Company's operations are located in environmentally sensitive areas and near residential communities. The Company and its subsidiaries and affiliates are at risk with regard to the ethical, social and environmental challenges posed by its operations. There is growing pressure on the Company to closely examine its impacts on, and role within, the society and the communities where it operates. It also faces complex issues as the people in these areas are often economically disadvantaged and characterized by the absence of the proper skills, inadequate governance, a weak supplier base and inadequate physical and social infrastructure. In addition, the Company must adapt to a variety of local conditions, regulations and cultural differences.

In order to manage these challenging issues, the Company focuses not only on financial issues but also on non-financial issues, which have brought a range of benefits in terms of driving continuous improvement in health, safety and environmental performance and risk management, in staff recruitment, retention and motivation, and in terms of reputation enhancement. The Company works hand-in-hand with the host community, in providing medical outreach, jobs and education support. The Company also has begun to recognize that the prospects of gaining new commercial opportunities are enhanced by being the type of company that the Government, partners and suppliers want to work with on non-financial as well as commercial criteria. These are embodied in the Company's vision of aggressively seeking opportunities primarily in the services sector that will allow the organization to address the basic needs of the society, while being globally competitive and generating attractive stakeholder values.

Competition in the businesses of the Company is intense.

The Company and its subsidiaries and affiliates are subject to intense competition. Each of the Company's businesses may be particularly affected by competition as follows:

Power Generation and Supply. The Company competes with other power generating companies in supplying power to customers. With the full implementation of EPIRA and its purpose of establishing a transparent and efficient electricity market via more competition, a substantial number of the Company's customers may choose to buy power from third party suppliers. The execution of bilateral contracts protects the Company because the customers are contractually obliged to purchase exclusively from the Company.

A more competitive environment due to the implementation of Retail Competition and Open Access (RCOA), as set forth by EPIRA, could also result in the emergence of new competitors. There will be some competitors that may have a competitive advantage over the Company due to greater financial resources, more extensive operational experience, and thus be more successful than the Company in acquiring existing power generation facilities or obtaining financing for the construction of new power generation facilities. However, the Company currently has very attractive liquidity and healthy credit ratios which put it in a unique position to pursue its own growth strategies. With an unleveraged balance sheet, a calibrated growth strategy necessary to meet competition can be pursued.

Also, the Company's existing power generation facilities that operate on diesel fuel have a higher cost of electricity production that may render them uncompetitive to the coal, geothermal and natural gas facilities of its competitors. To decrease costs and increase competitiveness, the Company and its power generating units constantly monitor the trends in the global oil market. TA increases fuel inventory when prices are forecasted to increase to mitigate and manage cost. The Company is also developing additional power generation projects that can produce electricity at more competitive rates, particularly the second 135 MW clean-coal power plant of SLTEC and the 12 MW Phase 2 geothermal power plant of MGI, which are expected to start commercial operations in the first quarter of 2016 and 2017 respectively.

Oil and Gas Exploration. The Company competes with foreign and local exploration companies for acquisition of prospective blocks.

However, due to the capital-intensive nature of oil and gas exploration and the high risks involved, there are oftentimes opportunities to partner with these competing firms and, thereby, mutually spread costs and risks. The Company forged new partnerships and expanded existing alliances with foreign and local companies that share its investment strategy and who can provide capital and technical expertise. Exploration partners include foreign groups such as NorAsian Energy Ltd. (controlled by Otto Energy Ltd of Australia) as well as local outfits such as PetroEnergy and Philodrill.

The Company is subject to complex laws and regulations that can adversely affect the cost, manner or feasibility of doing business. Any changes to existing laws may also adversely affect the Company's results of operations.

Power generation, electricity trading and the exploration, production and sale of oil are subject to extensive national and local laws and regulations. The Company and its subsidiaries may incur substantial expenditures to comply with these laws and regulations, which may include permitting costs, adoption and implementation of anti-pollution equipment, methods and procedures, and payment of taxes and royalties.

Under these laws, the Company could be subject to claims for personal injury or property damages, including damages to natural resources, which may result from the impact of the Company's operations. Failure to comply with these laws may also result in the suspension or termination of the Company's operations and subject it to administrative, civil and criminal penalties. Moreover, these laws could be modified or reinterpreted in ways that substantially increase the Company's costs of compliance. Any such liabilities, penalties, suspensions, terminations or regulatory changes could have a material adverse effect on the Company's financial condition and results of operations.

Changes to, or termination of, arrangements with its partners could have an adverse impact on the Company's business operations.

To reduce exploration risks, the Company participates in joint operating or consortium agreements for exploration projects. The agreements include sharing of revenues, costs and technical expertise for the projects. Changes to, or termination of, such arrangements may impede the success of the projects.

In order to mitigate the risks, the Company ensures that its partners in all of its business ventures are credible, reliable and have proven track records. The Company also makes certain that every agreement it enters into has remedy provisions that the defaulting or terminating party shall remain liable for its proportionate share in accordance with its participating interest at the time of default of all costs, expenses and all liabilities.

The Company may not be able to obtain or maintain adequate insurance for its power generation facilities which may have a material adverse effect on the Company's business, financial condition and results of operations.

The business of power generation involves significant hazards, including the risk of fires, explosions, spills, discharge, leaks, and release of hazardous materials, among others. Any of these events may cause loss of life, significant damage to the property and equipment of the Company and its neighbors, and adverse effects on the Company's surrounding environment and may give rise to criminal and administrative offenses or revocation of governmental licenses. These events along with other *force majeure* events such as earthquakes, floods and typhoons could result in significant interruptions to the Company's operations which could adversely affect its business and financial conditions. Finally, power generation facilities, being a heavily equipment-dependent operation, are prone to mechanical and equipment breakdown. These possibilities further add to the risk of plant shutdowns which could materially and adversely affect the Company's electricity supply to its off-takers.

The Company maintains insurance coverage to protect itself against these hazards. There is no assurance however, that existing coverage will provide adequate protection against all events. In addition, the Company's insurance policies are subject to periodic renewal, so the costs, terms and conditions of such policies may increase substantially from one period to the next, due to conditions beyond the Company's control. Any decrease in the scope of its insurance coverage may expose the Company to material losses should any adverse events occur. At the same time, the Company's financial performance may be adversely affected if insurance premiums increase substantially.

Risks Relating to the Company's Growth

The Company's growth strategy of venturing into new power generation projects having different risk and return profiles, may not achieve the expected results.

The Company's growth strategy involves (i) entering into new partnerships and alliances, and (ii) investments in new power generation projects. Success in implementing this strategy is dependent on the Company's ability to assess and acquire potential partners and to close financing and acquisition transactions.

This growth strategy will require greater allocation of management resources away from daily operations, and will require the Company to manage relationships with a greater number of customers, suppliers, contractors, service providers, lenders and other third parties, which could strain the Company's ability to complete projects at a high level of quality and on time. The Company will be required to manage its internal control and compliance functions to ensure that it will be able to comply with legal and contractual obligations and minimize operational and compliance risks. There can be no assurance that, in connection with its expansion, the Company will not experience capital constraints, construction delays, operational difficulties at new operational locations and training an increasing number of personnel to manage the expanded business. A failure to adapt effectively to the rapid growth, including strains on management and logistics, could result in losses or development costs that are not recovered as quickly as anticipated, if at all. Such problems could have a material adverse effect on the Company's present and expected financial performance.

To mitigate this risk, the Company goes through an extensive and rigorous due diligence investigation of every new project it pursues. Programs that management deem unduly risky, regardless of their potential returns, are not pursued. The Company puts utmost importance on the risk-return assessment on any project.

Failure to obtain financing or the inability to obtain financing on reasonable terms could affect the execution of the Company's growth strategies.

There is no assurance that the Company will be able to raise all of the capital requirements to carry out its growth strategies at acceptable terms. Failure to obtain these financing packages at the desired terms would adversely affect the Company's ability to execute its growth strategies.

Construction of the Company's additional electricity generation facilities and equipment entails significant risks that could lead to increased expenses and lost revenues.

At present, the Company is in the pre-development stage for construction of a 600 to 1,000MW coal-fired plant in Sual, Pangasinan. Activities currently ongoing include the Grid Impact Study (GIS), Environmental Impact Assessment (EIA), and topographical surveys. In the renewable energy business, particularly wind energy development, pre-development activities in four (4) wind sites; Sibunag and Nueva Valencia both located in Guimaras and in Ballesteros and Aparri both located in Cagayan continued during the year. These projects will ensure that TAREC has a portfolio of wind projects that can be placed into development stage once the Department of Energy (DOE) issues another round of installation targets for wind.

There is a possibility that any or none of these projects may prove to be feasible and even if any of these projects are shown to be feasible, there is no assurance that actual construction and operating costs will approximate those indicated in their respective feasibility studies. Any material deviation from expected project parameters, returns and costs can adversely affect the Company's ability to grow its power generating capacity and therefore its long term revenue growth prospects.

The following are some risks involved in the construction of the Company's additional electricity generation facilities:

1. machinery breakdown;
2. failure to obtain necessary governmental permits and approvals;
3. failure to purchase suitable land for the generation facilities;
4. work stoppages and other employee-related actions;
5. major contractual disputes with its EPC Contractor;
6. local opposition in host communities;
7. political and social unrest including terrorism;
8. engineering and environmental problems;
9. delays in construction and operations; and
10. cost overruns

Should the Company experience any of these problems, it may not be able to deliver its power at competitive prices, thereby decreasing profitability.

To manage this risk, the Company employs the services of contractors and suppliers through a stringent decision and awarding process. Projects are constructed through turnkey Engineering, Procurement and Construction (EPC) contracts. Some of the factors that influence the decisions are: (i) reputation of the contractor/bidder, (ii) its track record in delivering similar projects, and (iii) the acceptability of its project proposal.

The 54MW Wind Farm Project may experience delays in collection of FIT differential

Under the Renewable Energy Law, all qualified and registered generating plants with intermittent renewable energy resources shall enjoy the benefit of priority dispatch. Priority purchase, transmission and payment for such electricity is also provided for by the RE Law. Furthermore, all renewable energy generators are ensured of payment for electricity generated via the Feed-in-Tariff Scheme for a period of 20 years.

On December 1, 2015, TAREC received its Certificate of Compliance from the ERC for its 54 MW San Lorenzo Wind Project. The certificate entitles the Company to recognize its Feed-In-Tariff at an approved rate of 7.40, with a retroactive period beginning December 27, 2014, for a guaranteed period of 20 years until December 26, 2034.

While the Feed-in-Tarriff mechanism guarantees an approved rate of 7.40/kw for capacity generated and dispatched to the grid, payment will be administered through two distinct channels: 1.) As market operator, PEMC shall pay TAREC for all generation dispatched at prevailing electricity spot market price cleared during the hourly interval of dispatch for the energy generated by TAREC, while 2.) TRANSCO shall pay TAREC for the differential amount between the guaranteed FIT rate of 7.40 and prevailing market price or cleared spot market price.

The Feed-in-Tarriff Allowance (FIT-All) is an amount billed to and shouldered by electricity end-users, and this amount billed to consumers must be approved by the Energy Regulatory Commission (ERC) before distribution utilities can include FIT-All in their billing. Fluctuations in prevailing electricity prices are largely affected by changes in demand and supply as well as reserve availability, and the amount of FIT differential also fluctuates accordingly. TRANSCO does not have ready funds at present, TRANSCO can apply for additional FIT-ALL rate to be billed in the future.

To manage this risk, TAREC actively manages its cash and liquidity position, to ensure that payments to service debt covenants are secure and available. TAREC exercises strict operational and cost management practices to optimize plant efficiency and availability as well as control expenses.

The Company may encounter more intense competition in marketing its generation capacity to secure long-term contracts.

With additional power projects increasing supply capacity, securing long-term electricity supply contracts with customers becomes subject to greater competition. Wider energy reserves inversely impacts electricity prices, bringing about lower tariff rates during periods of greater supply capacity.

To manage this risk, the Company aggressively markets its generation capacities for upcoming projects during pre-development and construction stages, securing customer contracts for at least seventy percent of total capacity, which is also a prerequisite to avail of commercial financing. The Company has the option to secure additional customer contracts for the remaining capacity or participate in trading through the electricity spot market.

The Company's operations will largely depend on its ability to retain the services of its senior officers.

The Company's directors and members of its senior management have been an integral part of its success. The knowledge, experience and expertise they bring have been key components of the Company's profitability and performance. These are difficult to replace. A change in key Company management and executive personnel may adversely affect its operations and business.

However, in the Company's long history, a high turnover of employees has not been characteristic.

Risks Relating to the Philippines

The operations of the Company are concentrated in the Philippines, and therefore any downturn in general economic conditions in the Philippines could have a material adverse impact on the Company.

Historically, the Company's results of operations have been influenced, and will continue to be influenced, to a significant degree by the general state of the Philippine economy and as a result, its income and results of operations depend, to a significant extent, on the performance of the Philippine economy. In the past, the Philippines has experienced periods of slow or negative growth, high inflation, significant devaluation of the peso and the imposition of exchange controls.

In addition, global financial, credit and currency markets have, since the second half of 2007, experienced, and may continue to experience, significant dislocations and liquidity disruptions. There is significant uncertainty as to the potential for a continued downturn in the U.S. and global economy, which would be likely to cause economic conditions in the Philippines to deteriorate. There can be no assurance that current or future Governments will adopt economic policies conducive to sustaining economic growth.

Any political instability in the Philippines may adversely affect the Company.

The Philippines has from time to time experienced political and military instability. The Philippine constitution provides that in times of national emergency, when the public interest so requires, the Government may take over and direct the operation of any privately owned public utility or business. In the last few years, there has been political instability in the Philippines, including public and military protests arising from alleged misconduct by the previous administration. No assurance can be given that the political environment in the Philippines will stabilise. Any political instability in the future result in inconsistent or sudden changes in the economy, regulations and policies that affect the Company, which could have an adverse effect on its business, results of operations and financial condition.

Terrorist activities in the Philippines could destabilize the country, adversely affecting the Company's businesses.

The Philippines has been subject to sporadic terrorist attacks in the past several years.

The Company's power generation assets could be vulnerable to terrorist attacks due to their significant impact on local and national economic activity. The occurrence of a terrorist attack at one of the Company's generating assets could have a significant negative impact on the Company's business. There can be no assurance that the Philippines will not be subject to further terrorist or criminal activities in the future, and violent acts arising from, and leading to, instability and unrest may have a material effect on our financial condition, results of operations and prospects.

Any decrease in the credit ratings of the Philippines may adversely affect the Company's business.

The Philippines is currently rated below investment grade by major international credit rating agencies such as Moody's S&P and Fitch. While in recent months these rating agencies have assigned positive or stable outlooks to the Philippines' sovereign rating, no assurance can be given that these agencies will not in the future downgrade the credit ratings of the Government and, therefore, Philippine companies, including the Company. Any such downgrade could have an adverse impact on the liquidity in the Philippine financial markets, the ability of the Government and Philippine companies, including the Company, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available.

Subsidiaries and Affiliates

The Company's subsidiaries and affiliates, and its percentage of ownership are as follows:

Name of Company	Percentage of Ownership
Trans-Asia Renewable Energy Corporation (TAREC)	100.00%
Trans-Asia Petroleum Corporation (formerly Trans-Asia (Karang Besar) Petroleum Corporation)	50.74%
CIP II Power Corporation (CIPP)	100.00%
Trans-Asia Gold and Minerals Development Corp. (TA Gold)	100.00%
Palawan55 Exploration & Production Corporation	30.65%
Trans-Asia Power Generation Corporation (TAPGC)	100.00%
One Subic Power Generation Corporation (OSPGC)	100.00%
South Luzon Thermal Energy Corporation (SLTEC)	50.00%
ACTA Power Corporation	50.00%
Asia Coal Corporation (Asia Coal)	28.18%
Maibarara Geothermal, Inc. (MGI)	25.00%
Trans-Asia Wind Power Corporation (TAWPC)	100.00%

Trans-Asia Renewable Energy Corporation (TAREC). TAREC is a wholly owned subsidiary of TA. This corporation was incorporated and registered with the SEC on September 2, 1994. TAREC is engaged in the development and utilization of renewable sources of energy (e.g. wind). TAREC operates and maintain the 54MW Wind Farm in San Lorenzo, Guimaras.

Trans-Asia Petroleum Corporation (TA Petroleum). This corporation was incorporated and registered with the SEC on September 28, 1994. TA Petroleum is engaged in oil exploration & well development. On August 28, 2012, TA Petroleum amended its Articles of Incorporation to change its name from Trans-Asia (Karang Besar) Petroleum Corporation to Trans-Asia Petroleum Corporation and to increase its authorized capital stock from P40, 000,000 to P1, 000,000,000.

On July 22, 2013, the Board of Directors of TA declared a property dividend to TA shareholders of 123,161,310 in TA Petroleum or 2.55 Shares for every 100 shares in TA Oil, and cash in the amount of ₱0.013 per share to all stockholders of record of TA as of 5 August 2013, subject to the approval by the Securities and Exchange Commission (SEC) and other regulatory agencies. In lieu of this dividend, shareholders in the US will receive Php0.0385 for every TA shares held. On August 8, 2014 the Board of Directors of TA Petroleum authorized the application for listing by way of introduction of 100% of the issued and outstanding Shares.

On August 14, 2014, SEC approved the registration and listing of shares of the Parent Company. On August 28, 2014, the TA Petroleum listed by way of introduction at the Philippine Stock Exchange with "TAPET" as its stock symbol. TA Petroleum has not started commercial operations.

CIP II Power Corporation (CIPP). On December 28, 2006, the Company purchased 100% of the shares of stock of CIPP, a wholly owned subsidiary of Ascendas Utilities PTE Limited (Ascendas), a Singaporean corporation. CIPP operated a 21 MW Bunker C-fired power plant in Carmelray Industrial Park II (CIP II) Special Economic Zone in Calamba City, Laguna and the sole provider of power in the industrial park. It was incorporated and registered with the SEC on June 2, 1998 and with the PEZA on June 23, 1998, as an ecozone utilities enterprise. In December 2010, CIPP's Board of Directors approved the transfer of its 21MW oil fired power plant from Laguna to Bacnotan, La Union. The plant was successfully transferred to La Union and started commercial operations on January 17, 2013.

Trans-Asia Gold and Minerals Development Corp. (TA Gold). TA Gold was incorporated and registered with the SEC on July 2, 2007. TA Gold is primarily engaged in the business of mining and mineral exploration within the Philippines and other countries. TA Gold will develop the mineral projects set forth by the Company. Effective March 2009, TA Gold suspended its exploration activities.

Palawan55 Exploration & Production Corporation. Palawan55 is a subsidiary of TA Petroleum. This corporation was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on November 16, 2012. Palawan55 is engaged in the development and utilization of crude oil, natural gas, natural gas liquids and other forms of petroleum. It holds a 6.82% interest in Service Contract No. 55. The corporation has not started its commercial operation.

Trans-Asia Power Generation Corporation (TAPGC). TA embarked on diversification to leverage its risks associated with its main line of business. Besides petroleum operation, Trans-Asia ventured into the business of energy development, principally power generation. It formed TAPGC in a joint venture with Holcim. TAPGC was incorporated on March 14, 1996. It is involved in the operation and maintenance of a power generation plant, including the related facilities, machinery and equipment. The power plant has a capacity of 52 MW and is the sole supplier of Holcim's electricity requirements at the Holcim plant in Norzagaray, Bulacan. Electricity produced is governed by a sales agreement between TAPGC and Holcim. Aside from supplying electricity to Holcim, TAPGC is trading electricity in the Wholesale Electricity Spot Market (WESM). The ERC granted TAPGC a certificate of registration as a Wholesale Generator in October 2006 for its participation in the WESM.

TAPGC was registered with the Board of Investments under the Omnibus Investments Code (OIC) of 1987, otherwise known as Executive Order No. 226, as an operator of a bunker "C" fired power plant on a preferred status. As a registered enterprise, TAPGC is entitled to certain tax and nontax incentives under the provisions of the OIC subject to certain requirements under the terms of its registration. These incentives include, among others, income tax holiday for six years which expired in February 2004. On January 1, 2013 Holcim Philippines executed a Share Purchase Agreement for the purchase by Trans-Asia Oil of Holcim's 50% stake in TAPGC.

In the 2nd quarter of 2014, TAPGC embarked on a major expansion by acquiring a 116-MW Diesel Power Plant located inside the Subic Bay Freeport Zone. The One Subic Power Generation Corporation (ONE SUBIC), used to be owned by Udenna Energy Corporation, tripled TAPGC's generation portfolio, which is a welcome addition to the 52-MW Bunker C-Fired power plant in Bulacan serving Holcim's Cement Plant.

South Luzon Thermal Energy Corporation (SLTEC). Trans-Asia entered into a joint venture with Ayala Corporation in June 2011 to undertake the construction of a 2 x 135MW clean coal power plant in Calaca, Batangas. The project is managed by a distinct entity, South Luzon Thermal Energy Corporation (SLTEC), owned 50/50 by Trans-Asia and AC Energy Holdings Inc, the power arm of the Ayala conglomerate.

As of June 8, 2015, the P9.0 billion loan facility earmarked for Unit 1 had been fully withdrawn. With regard to the loan for Unit 2, 94% of the P7.0 billion loan facility had been released by the lenders as of December 27, 2015. This brings the total investment in Unit 1 at Php 13.2 billion and Php 8.6 billion in Unit 2 by year end. The total assets of SLTEC as of the period ending December 31, 2015 were stated at P25.1 billion.

The plant was constructed by D. M. Consunji, Inc. and the equipment were supplied from China through China National Technical Import and Export Corporation. The project officially commenced in December 2011 and the 1st unit of the plant is started commercial operations in April 2015, while the 2nd unit passed its reliability and performance tests, and announced the start of commercial operations on February 21, 2016.

TA will purchase all the power generated by the power plant in accordance with a 15year exclusive power purchase agreement with SLTEC. This will help sustain and support the electricity supply business of the Company.

ACTA Power Corporation. TA entered into a joint venture with Ayala Corporation in February 2012. The new entity, ACTA Power Corporation (ACTA), is owned 50/50 by Trans-Asia and AC Energy Holdings Inc. ACTA has not started commercial operations.

Asia Coal Corporation (Asia Coal). Asia Coal was incorporated in the Philippines on August 7, 1991 to engage in the trading of coal. The heightening of competition in the Philippine coal market plus the entry of new traders in 2000, which caused a drastic drop in trading margins, put Asia Coal's ability to generate profits under great uncertainty. Thus, the shareholders of Asia Coal decided to cease all trading operations beginning November 1, 2000. Since then, Asia Coal's activity has been limited to money market placements.

On April 26, 2005, the SEC approved the reduction of Asia Coal's authorized capital stock from ₱20 million, consisting of 200,000 shares, with a par value of Php100 per share, to ₱5 million, consisting of 50,000 shares, with the same par value. On March 19, 2009, the directors and stockholders of Asia Coal approved the shortening of the corporate life of the Company to October 31, 2009. The Company shall be dissolved and liquidated, the date of which is subject to the approval of the SEC. As of February 21, 2011, Asia Coal has filed with the Bureau of Internal Revenue the request for tax clearance in connection with the filing with the SEC of its application for dissolution.

Maibarara Geothermal, Inc. (MGI). MGI was incorporated and registered with the SEC on August 11, 2010, to implement the integration development of the Maibarara geothermal field in Calamba, Laguna and Sto.Tomas, Batangas for power generation. The plant commenced commercial operation on February 8, 2014.

Trans-Asia Wind Power Corporation (TAWPC). TAWPC was incorporated and registered with the SEC on July 26, 2013. Its primary purpose is to construct, develop, own, operate, manage, repair and maintain wind power generation plants, to generate electricity from such power plants and to market and sell the electricity produced thereby.

On August 22, 2013, TAREC assigned its 100% equity interest in TAWPC to TA for a total cash consideration of ₱116million. As a result of the assignment, TAWPC becomes a wholly owned subsidiary of TA. TAWPC has not started commercial operations as of March 6, 2015.

Properties

Trans-Asia owns the following fixed assets:

In thousands

Properties	Location	Amount
Land and land improvements	Bacnotan, La Union, Norzagaray, Bulacan and Guimaras	₱248,658
Building and improvements	Makati City, Guimaras and	389,114

	Norzagaray, Bulacan	
Machinery and equipment	Guimaras, Norzagaray, Bulacan, and Bacnotan La Union	7,088,649
Transportation equipment	Makati City, Guimaras Norzagaray Bulacan, Subic and Bacnotan La Union	29,742
Mining and other equipment	Makati City, Guimaras and Bacnotan La Union	30,486
Office furniture, equipment and others	Makati City, Guimaras, Bacnotan La Union and Norzagaray, Bulacan	49,207
Subtotal		**₱7,835,856**
Construction in progress	Iloilo, Subic & Guimaras	531,968
Total		**8,367,824**
Less: Accumulated depletion, depreciation and amortization		**986,009**
Net		**₱7,381,816**

Source: Audited consolidated financial statements as of December 31, 2015

Land and land improvements include lots in Norzagaray, Bulacan, Bacnotan, La Union and Guimaras which power plants are located. In San Lorenzo wind project, most parcels of land were acquired but some lots were successfully entered as finance lease.

Building and improvements are located in the Phinma Plaza, Rockwell Center, Makati City. They include the Company's share in the construction cost of Phinma Plaza which was completed in October 2001 and where the Company holds its office. Included also in building and improvements are leasehold improvements located in Guimaras and Norzagaray, Bulacan.

Machinery and equipment includes a 3.4 MW power station constructed by the Company in the island of Guimaras, 52MW Bunker C-Fired power plant in Bulacan and 21MW Bunker C-Fired power plant in La Union. This includes cost of construction, plant and equipment and other direct costs. Additional machinery was the 54MW San Lorenzo Wind farm of TAREC which received from the DOE the confirmation of Commercial Operation starting December 27, 2014

Transportation equipment covers vehicles used by officers and personnel based in Makati, Guimaras, Bacnotan, La Union, Norzagaray, Bulacan, Subic and Barrio Obrero, Iloilo. Mining equipment, office furniture, and equipment are being used in Makati, Guimaras, Bacnotan, La Union, Norzagaray, Bulacan, Subic and Barrio Obrero, Iloilo. The Company has complete ownership of the above properties which have no mortgages or liens.

Construction in progress includes the rehabilitation of PB 101 and PB102 which are located at Bo. Obrero, Iloilo City while PB 103 is currently located in a mooring site in Cebu.

For the next 12 months, the Company will acquire machinery and equipment, furniture and fixtures, office equipment and transportation equipment which will utilize company's funds or bank loans. Total cost of the expenditures is not yet available.

Legal Proceedings

Aside from the following, there are no legal proceedings to which Trans-Asia is a party or which involves any of the Company's property:

Trans-Asia Oil and Energy Development Corporation v. Yinlu Bicol Mining Corporation
G.R. SP. No. 207942

In 2007, Trans-Asia was awarded a Mineral Production Sharing Agreement (MPSA) covering a 333-hectare area in the municipality of Jose Panganiban, Camarines Norte for a period of 25 years renewable for another 25 years, pursuant to a work program containing the required expenditures and work commitments.

In 2009, the Company received an Order from the Secretary of the Department of Environment and Natural Resources (DENR) excising portions of the MPSA contract area that are covered by alleged mining patents of Yinlu Bicol Mining Corporation (Yinlu), purported registered owner of some of the land covered by the MPSA. Yinlu claims that it holds patents to the properties in dispute, which it allegedly purchased from the creditor banks of the previous owners of the land, Philippine Iron Mines, Inc. The Company filed a timely Motion for Reconsideration of the Order before the DENR Secretary. The Company claims that the mining patents, even if authentic, have already lapsed for failure of the owner to register the same under Presidential Decree No. 463, which requires that all mining claims and patents be registered within two years from effectivity of the decree.

In December 2009, Trans-Asia received a Resolution denying the Company's Motion for Reconsideration. The Company filed a timely appeal with the Office of the President on December 21, 2009, pursuant to Administrative Order No. 18. On January 29, 2010, the Office of the President ordered Yinlu to file a Reply Memorandum, which was complied with.

In a Decision dated May 4, 2010, the Office of the President denied the Company's appeal and affirmed the Order dated May 21, 2009 and the Resolution dated November 27, 2009. The Company's Motion for Reconsideration was denied on June 29, 2010; its Second Motion for Reconsideration was likewise denied on March 31, 2011.

On May 11, 2011, the Company filed a Petition for Review on Certiorari before the Court of Appeals. On September 30, 2011, the Company filed its Memorandum.

On October 30, 2012, the Court of Appeals rendered a Decision reversing the rulings of the DENR and the Office of the President and holding that the mining patents claimed by respondent Yinlu have already expired. Yinlu filed a Motion for Reconsideration on November 27, 2013 which was subsequently denied in a Resolution of the Court of Appeals dated June 27, 2013. Thereafter, on July 22, 2013, Yinlu filed a Petition for Review on Certiorari before the Supreme Court praying that the Decision of the Court of Appeals be reversed and set aside and that the Decision and Resolution of the Office of the President and DENR Secretary be affirmed. The Company filed its Comment to the Petition for Review. Thereafter, the parties filed their respective Memoranda.

Yinlu argues that the TCTs issued in its favor are valid and existing and that the mining patents issued under Philippine Bill of 1902 include the right to enjoy the mineral fruits. Further, since no just compensation was paid by the government to Yinlu, the Company cannot use the properties under the MPSA. On the other hand, the Company is invoking a validly issued presidential decree which has also been upheld by the Supreme Court.

In a Decision promulgated on January 12, 2015, the Supreme Court reversed the Court of Appeals Decision and reinstated the original Decision of the Office of the President. The Company timely filed a Motion for Reconsideration of the said Decision of the Supreme Court on March 20, 2015.

On June 3, 2015, the Company filed an Urgent Motion to Refer Case to the Court *En Banc* on the following grounds: (i) issues of transcendental importance has arisen which is of paramount interest to the mining industry, and for that matter, to the national economy; and (ii) established doctrine in several cases were reversed by the said Decision.

On June 15, 2015, the Supreme Court issued a Resolution denying the Company's Motion for Reconsideration and the Urgent Motion to Refer Case to the Court *En Banc*. The Decision of the Supreme Court is now final.

The MPSA which is the subject of the case was purchased by Investwell Resources Inc. (Investwell) from Trans-Asia under the terms and conditions of the Agreement dated October 18, 2011 and Amendment Agreement dated May 29, 2014 that were executed by said parties. Given this, the Supreme Court's Decision has no material adverse financial impact to the Company.

In the Matter of the Application for Approval of the Power Supply Agreement between:

Biliran Electric Cooperative, Inc and Trans-Asia Oil and Energy Development Corporation ERC Case No: 2015-054RC

Don Orestes Romualdez Electric Cooperative Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-055RC

Eastern Samar Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-058RC

Leyte II Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-062RC

Leyte III Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-056RC

Leyte IV Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation ERC Case No. 2015-057RC

Leyte V Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-058RC

Northern Samar Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-063RC

Samar I Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation ERC Case No. 2015-060RC

Samar II Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-064RC

Southern Leyte Electric Cooperative, Inc., and Trans-Asia Oil and Energy Development Corporation
ERC Case No. 2015-064RC

On December 20, 2014, the Company entered into Power Supply Agreements (PSA) with each of the eleven (11) Region 8 Electric Cooperatives mentioned above. Under the PSA, Trans-Asia is obligated to supply 40MW for 2015 and 20MW for 2016 to the Region 8 Electric Cooperatives distributed according to the electricity requirements of each Electric Cooperative.

The said PSAs were submitted to the ERC for review and approval. The jurisdictional hearing was held on June 29, 2015 and June 30, 2015 while the confirmation of jurisdictional hearing, expository presentation, pre-trial conference and evidentiary hearings were held on various dates at the Main Offices of the respective Electric Cooperatives.

In an Order dated June 1, 2015, the ERC provisionally approved the PSA between the Company and the eleven (11) Region 8 Electric Cooperatives. The Company and the eleven (11) Region 8 electric cooperatives have already filed their respective Formal Offers of Exhibits and are just awaiting the final approval of the ERC.

It is reasonable to expect that ERC will sustain the rates provisionally approved in its final rate approval. However, should the ERC fail to issue the final approval, the provisionally approved rates will simply continue to apply until the expiration of the PSAs on December 25, 2016. There would be no material adverse financial impact to the Company should the provisionally approved rates continue to be applied until December 25, 2016.

In the Matter of the Application for Approval of the Contract for the Sale of Electricity between Trans-Asia Oil and Energy Development Corporation (as Wholesale Aggregator) and Batangas I Electric Cooperative, Inc. with Prayer for Provisional Authority
ERC Case No. 2014-004RC

On January 21, 2014, a Contract for the Sale of Electricity ("CSE") was signed between the Company as a Wholesale Aggregator and Batangas I Electric Cooperative, Inc. ("BATELEC I"), whereby the Company shall supply the electricity requirements of BATELEC I in excess of the base load electricity requirements of BATELEC I for five (5) years. An Application for approval of the CSE, including the rate structure as embodied therein was filed with ERC.

A hearing was conducted by the ERC to determine compliance with the jurisdictional requirements, conduct an expository presentation, pre-trial and evidentiary hearing. In an Order dated March 31, 2014, the ERC provisionally approved the CSE but modified the applicable rate to be charged by the Company to BATELEC I. The rate provisionally approved by the ERC is substantially lower than the rates agreed upon by the Parties in the CSE.

The ERC stated that it has yet to issue any policy on the treatment of wholesale aggregators executing power supply agreements with distribution utilities. The current policy of the ERC in the evaluation of rates is to use the cost-based methodology or the reasonable cost of generation. Since the Company as a Wholesale Aggregator, will source energy from different power plants and deliver the same to BATELEC I, the rate structure as embodied in the CSE cannot, at this time, be properly evaluated.

The Company filed Urgent Motions for Re-evaluation and to hold in Abeyance the implementation of the Order provisionally approving the CSE. The Company argued that the implementation of the provisionally approved rates would not be viable and sustainable in the long run. The Parties are still awaiting resolution by the ERC of the pending Motions.

Due to the urgent need of BATELEC I for a stable supply of electricity and pending ERC's resolution of the Motions, the Parties entered into an interim arrangement to implement the CSE including the rate structure provisionally approved by the ERC for a period of two (2) years from June 26, 2015. Thereafter, one (1) month prior to the end of the two-year period, the Parties shall meet to determine the viability of the provisionally approved rates and to determine whether to terminate or continue with the CSE as provisionally approved, without prejudice to any directive or Order which the ERC may issue resolving the motion of the Company for the re-evaluation of the provisionally approved rates.

ERC is currently re-evaluating the provisionally approved rates. If a higher rate is not issued, the Company will have to re-assess and determine the viability or sustainability of implementing the provisionally approved rates. If the Company finds the provisionally approved rates not sustainable, it may be constrained to invoke its right to terminate the CSE with BATELEC I.

Trans-Asia Oil and Energy Development Corporation v. Commissioner of Internal Revenue
CTA Case No. 9078

The Bureau of Internal Revenue ("BIR") issued on May 27, 2015 a Final Decision on Disputed Assessment ("FDDA"), assessing the Company for deficiency donor's tax in the total amount of Php174,936,138.07, allegedly arising from the Company's distribution of property dividends to its stockholders of record as of August 5, 2013, consisting of 123,161,310 shares of stock of Trans-Asia Petroleum Corporation, pursuant to the Resolution of the Company's Board of Directors dated July 22, 2013.

The Company filed on June 26, 2015 a Petition for Review before the Court of Tax Appeals ("CTA") assailing the assessment for donor's tax on the following grounds: (1) that the distribution of dividends is a distribution of profits, and not a disposition that results in any capital gain on the part the Company, (2) that the Company did not receive any consideration as a result of a dividend distribution, and thus, the Company did not realize any gain or increase of wealth, and (3) that there was no donatives intent on the part of the Company when it distributed dividends to its shareholders.

On July 24, 2015, the Company received from the BIR's Large Taxpayers Collection Enforcement Division a Letter dated July 26, 2015, informing the Company that it is among those taxpayers which should be subjected to the immediate issuance of a Warrant of Distraint and/or Levy and Warrants of Garnishment in relation to the assessment for donor's tax. Thus, the BIR demanded that the Company immediately settle the alleged tax liability for donor's tax in order to obviate the issuance of a Warrant of Distraint and/or Levy and Warrants of Garnishment.

The Company filed on July 28, 2015 an Urgent Motion to Suspend Collection of Taxes and for the Issuance of a Temporary Restraining Order and/or Writ of Preliminary Injunction ("Motion to Suspend Collection of Taxes"). In its Resolution dated October 12, 2015, the CTA granted the Company's Motion to Suspend Collection of Taxes, and ordered the Company to file either a GSIS bond, or a bond from a reputable surety company duly accredited by the Supreme Court in an amount equivalent to one and one-half (1½) of the disputed assessment. Thus, in compliance with the CTA's requirement, the Company filed on October 29, 2015 Insurance Corporation Appeal Bond No. JCL (2) - 00011 / LIC NO. 35371 dated October 20, 2015 issued by Liberty Insurance.

The case is still ongoing. If the CTA rules in favor of the validity of the assessment and holds the Company liable for donor's tax, the Company will have to pay the donor's tax of Php129 M plus interests, penalties and surcharges.

Market for Registrant's Common Equity and Related Stockholders' Matters

Market Price

Trans-Asia's common shares are listed with the Philippine Stock Exchange. Below are the high and low sales prices as of February 29, 2016 and for the calendar years 2015, 2014 and 2013:

Period	High	High adj	Low	Low adj
Calendar 2016				
February 29	2.33		2.04	
January 31	2.19		1.98	
Calendar 2015				
Fourth quarter	2.28		1.87	
Third quarter	2.33		1.65	
Second quarter	2.58		2.09	
First quarter	2.50		2.18	
Calendar 2014				
Fourth quarter	2.51		2.20	
Third quarter	2.65		2.26	
Second quarter	2.68		1.93	
First quarter	2.18		1.41	
Calendar 2013				
Fourth quarter	2.40		1.37	
Third quarter	2.81		2.05	
Second quarter	3.00		1.90	
First quarter	2.72		1.17	

Stockholders

The Company had 3,225 registered shareholders as of February 29, 2016. The following table sets forth the top 20 shareholders of the Company, their nationality, the number of shares held, and the percentage of ownership as of February 29, 2016.

No.	Name of Stockholders	Citizenship	No. of Shares Held	% of Ownership
1	Philippine Depository and Trust Corporation (PCD Nominee Corp.) – Filipino	Filipino	3,762,368,351	77.33%
2	Phinma Corporation (formerly Bacnotan Consolidated Industries, Inc.)	Filipino	449,331,621	09.24%
3	Philippine Depository and Trust Corporation (PCD Nominee Corp.) – Non-Filipino	Foreign	299,803,330	06.16%
4	Philippine Investment Management Consultants, Inc.	Filipino	201,850,613	04.15%
5	Emar Corporation	Filipino	37,283,937	00.77%
6	Francisco Genaro Ozamiz Lon	Filipino	17,000,000	00.35%
7	Francisco L. Viray*	Filipino	5,478,188	00.11%
8	Phil. Remnants Co., Inc.	Filipino	2,801,218	00.06%
9	Peter Mar or Annabelle C. Mar	Filipino	2,055,000	00.04%
10	Ramon R. Del Rosario, Jr.	Filipino	1,783,038	00.04%
11	Victor Juan Del Rosario	Filipino	1,625,639	00.03%
12	Renato O. Labasan	Filipino	1,520,000	00.03%
13	Teresita A. Dela Cruz	Filipino	1,502,221	00.03%
14	Belek, Inc.	Filipino	1,484,002	00.03%
15	Rizalino G. Santos	Filipino	1,437,001	00.03%
16	Joseph D. Ong	Filipino	1,397,663	00.03%
17	William How &/OR Benito How	Chinese	1,333,457	00.03%
18	Alexander J. Tanchan &/OR Dolores U. Tanchan	Filipino	1,072,867	00.02%
19	Benjamin S. Austria	Filipino	1,022,982	00.02%
20	Victor J. Del Rosario or Ma. Rita S. Del Rosario	Filipino	954,603	00.02%

**The total number of shares owned by Dr. Francisco L. Viray as of February 29, 2016 is 10,212,730 shares of which 4,734,542 shares are lodged in AB Capital Securities, Inc. (a PCD participant) while on March 03, 2016 he avail stock grants which is 282,770, as of March 14, 2016 5,760,958 shares are certificated.*

Security Ownership of Management

The table below shows the securities beneficially owned by all directors' nominees and executive officers of Trans-Asia Oil and Energy Development Corporation as of January 31, 2016.
:

Title of Class	Name of Owner	Citizenship	No. of Shares Held	Nature	% of Class
Common	Oscar J. Hilado	Filipino	4,500,000	Direct	0.09
Common	Ramon R. del Rosario, Jr.	Filipino	16,905,513	Direct	0.90
			26,745,698	Indirect	
Common	Francisco L. Viray	Filipino	10,212,730	Direct	0.22
			614,000	Indirect	
Common	Roberto M. Laviña	Filipino	3,649,887	Direct	0.08
Common	Guillermo D. Luchangco	Filipino	1	Direct	0.00
Common	Magdaleno B. Albarracin, Jr.	Filipino	12,202,926	Direct	0.25
Common	Raymundo O. Feliciano, Sr.	Filipino	1,154,017	Direct	0.02
Common	Ricardo V. Camua	Filipino	1,225,000	Direct	0.03
Common	Victor J. del Rosario	Filipino	3,620,362	Direct	0.62
			26,745,698	Indirect	
Common	David L. Balangue	Filipino	1,610,001	Direct	0.03
Common	Juan J. Diaz	Filipino	66,211	Direct	0.00
Common	Raymundo A. Reyes, Jr.	Filipino	1,421,901	Direct	0.03
Common	Rizalino G. Santos	Filipino	3,517,245	Direct	0.07
Common	Virgilio R. Francisco, Jr.	Filipino	954,496	Direct	0.02
Common	Pythagoras L. Brion, Jr.	Filipino	565,013	Direct	0.01
Common	Mariejo P. Bautista	Filipino	621,227	Direct	0.01
Common	Alan T. Ascalon	Filipino	134,295	Direct	0.00
Common	Cecille B. Arenillo	Filipino	100,000	Direct	0.00
Common	Danilo L. Panes	Filipino	113,522	Direct	0.00
Common	Danielle R. del Rosario	Filipino	262,000	Direct	0.00
Common	Arthur R. Villacorte	Filipino	98,670	Direct	0.00
Common	Ma. Teresa P. Posadas	Filipino	89,000	Direct	0.00
	TOTAL		**7,943,580**		**2.4%**

Dividends

There is no restriction on payment by Trans-Asia of dividends other than the availability of retained earnings following the SEC rule on calculation of available retained earnings for dividend declaration.

Trans-Asia declares cash or stock dividends to its common shareholders on a regular basis in amounts determined by the Board of Directors taking into consideration the results of the Company's operations, its cash position, investments and capital expenditure requirements, and unrestricted retained earnings. The Company also declares special cash dividends where appropriate.

Dividends declared and paid in 2010 up to 2015 are as follows:

Date of Declaration	Dividend Type	Rate	Record Date	Payment Date
March 21, 2013	Cash	0.04 per share	April 8, 2013	May 6, 2013
July 22, 2013	Property	2.55 per 100 shares	August 5, 2013	August 20, 2014
July 22, 2013	Cash	0.013 per share	August 5, 2013	August 20, 2014
March 24, 2014	Cash	0.04 per share	April 7, 2014	May 7, 2014
February 23, 2015	Cash	0.04 per share	March 9, 2015	March 25, 2015

On 22 July 2013, the Board of Directors of TA Oil approved a dividend declaration, which resulted in the distribution to TA Oil shareholders of 2.55 Shares in Trans-Asia Petroleum Corporation for every 100 shares in TA Oil provided that no fractional shares shall result and any resulting dividend with fractional shares shall be rounded down to the nearest whole number, and cash in the amount of ₱0.013 per share to all stockholders of record of TA Oil as of 5 August 2013, subject to the approval by the Securities and Exchange Commission (SEC) and other regulatory agencies. U.S based stockholders of TA Oil shall receive cash in the amount of ₱0.0385 per TA Oil share, in lieu of TA Petroleum shares, and the cash dividend of ₱0.013 per share, in view of the requirements under U.S. securities laws and regulations. The Shares subjects of the Registration Statement are covered by the application for the approval of the Property Dividend, which was filed by TA Oil on 17 September 20132 and approved by the SEC on 7 October 2013.

As of December 31, 2013, Trans-Asia's retained earnings amounted to ₱2.14 billion, of which ₱534.66 million were equity in net earnings of investee companies that are not available for dividend declaration.

At the regular meeting of the Board of Directors on February 23, 2016, Trans-Asia declared a cash dividend of ₱0.04 per share, payable on March 23, 2016 to all shareholders of record as of March 9, 2016.

As of December 31, 2015, Trans-Asia's retained earnings amounted to ₱ 2.85 billion, of which ₱935.64 million were equity in net earnings of investee companies that are not available for dividend declaration.

Sale of Unregistered Securities Within the Last Three (3) Years

On April 2, 2007, the Company's Board of Directors and Stockholders approved a total of 100 million shares to be taken from the unsubscribed portion of the Company's 2 billion authorized shares as (a) stock grants for officers and managers of the Company; and (b) stock options for directors, officers and employees of TA and its subsidiaries and affiliates under the terms and conditions as may be determined by the Executive Committee. On May 7, 2008, the Company suspended that Stock Option Plan and reinstated it on July 22, 2013. The Company implemented the Company's Stock Grants Plan for its executives who resulted in the issuance of 0.3 million and 4.7 million shares in first semesters ended June 30, 2009 and June 30, 2008, respectively. The executive stock grants are given to officers and managers of the Company computed at a predetermined percentage of their variable compensation pay based on certain performance criteria. Issuance of these shares are exempt from registration under Section 10.2 of the Securities Regulation Code which states that the Commission may exempt certain transactions if it finds that the requirements for registration under the Code is not necessary in the public interest or for the protection of the investors such as by reason of the small amount involved or the limited character of the public offering. The Plan falls under Section 10.2 because the offer is limited only to qualified directors, officers and employees of TA and its subsidiaries and affiliates.

Trans-Asia issued 552,528,364 shares at ₱1.10 per share and 1,165,237,923 shares at ₱1.00 per share to its stockholders by way of stock rights offering on December 11, 2007 and June 3, 2011, respectively. Both rights offering were classified as an exempt transaction under Section 10.1 (e) of the Securities Regulation Code. Trans-Asia did not engage an underwriter for the offering, but PHINMA and PHINMA Corp. committed to subscribe to any shares not taken up by the stockholders.

Trans-Asia issued 1,627,395,343 shares at ₱1.00 per share by way of stock rights offering on November 27, 2012. The offering was an exempt transaction under Section 10.1 (e) of the Securities Regulation Code. Trans-Asia did not engage an underwriter for the offering, but PHINMA and PHINMA Corp. committed to subscribe to any shares not taken up by the stockholders.

Trans-Asia issued 400,000,000 shares at ₱1.00 per share by way of private placement on Dec. 3, 2012. The offering was an exempt transaction under Section 10.1 (k) and (l) of the Securities Regulation Code. Maybank ATR KIM ENG Capital Partners, Inc. acted as underwriter.

MANAGEMENT'S DICUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

PLAN OF OPERATION

Calendar year 2015

Oil & Gas

SC 6 (Offshore Northwest Palawan)

Block A

Philodrill, The Operator, engaged a contractor to perform the programmed seismic data processing and quantitative interpretation. The consortium completed its CY 2015 work program consisting of geological and geophysical evaluation in third quarter of 2015.

The DOE approved the consortium's CY 2016 work program consisting of specialized geophysical studies. The project commenced in fourth quarter of 2015.

TAPET's participating interest reverted to 7.78% following the withdrawal of farminee, Pitkin Petroleum.

Block B

The consortium completed seismic interpretation and satellite gravity studies Seismic reprocessing of 400 sq. km. 3D seismic data continued. The project is about 75% complete as of end 2015.

The DOE approved a six - month extension of the current Sub-Phase to August 28, 2016.

The Company holds 7.78% and 14.063% participating interests in Block A and Block B, respectively.

SC 51 (Northwest Leyte/Cebu Strait)

The DOE granted a six month extension of Sub-Phase 5 to 31 July 2014 to enable the Operator, Otto, to complete its post well evaluation of the results of the Duhat2 well.

The Duhat2 well was plugged and abandoned in 3Q 2013 when it failed to reach its reservoir objective due to drilling problems.

On 5 May, 2014, Otto Energy notified TA Petroleum and the other partners in the consortium that it has elected to withdraw from SC 51. Otto Energy's withdrawal from SC 51 and the transfer of its participating interest to the remaining parties are subject to the approval of the DOE.

The remaining Filipino partners opted to continue exploration work in the area, but requested the DOE suspension of the term of Sub-Phase 5 from the date Otto Energy notified the DOE of its withdrawal from SC 51, until the DOE approves the transfer of Otto's interest to the Filipino partners.

The DOE denied Otto's request that Duhat2 well be credited as a compliant well under Sub-Phase 5, but Otto has contested the DOE's ruling. The partners are in discussion with the DOE on how to address this issue.

TA Petroleum owns 6.67%% participating interest in SC 51 which will become 33.34% upon DOE approval of the withdrawal of Otto Energy.

SC 55 (Offshore West Palawan)

Otto Energy, the Operator, completed the drilling of the Hawkeye – 1 well to a total depth of 2,920 meters. The well discovered gas which is deemed to be non-commercial. Otto Energy informed its partners of its decision to withdraw from the service contract. Otto Energy informed its partners of its decision to withdraw from the service contract.

On December 22, 2015, the consortium requested the DOE a 2 - year contract moratorium and proposed technical studies that would assess the impact of the results of Hawkeye - 1 on the remaining prospectivity of the area. As at February 23, 2016, the request remains pending with the DOE.

Palawan55 Exploration & Production Corporation, a subsidiary of TA Petroleum, holds 6.82% participating interest in SC 55.

SC 69 (Camotes Sea)

Following DOE approval of the assignment of Otto Philippines' interests to the Company and Frontier Gasfields, the Company's participating interest in SC 69 was adjusted from the current 6% to 50%.

On March 17, 2014, the Parent Company and Frontier Gasfields jointly requested the DOE an extension of the term of SC 69 until December 31, 2014. The DOE extended the term of Sub-Phase 3 to May 7, 2015 to enable the remaining parties to proceed with planned exploration activities.

As at April 17, 2015, the consortium entered Sub-Phase 4 (May 2015 to May 2016) which entails a commitment to either undertake a 3D seismic program or drill an exploratory well. The DOE approved the consortium's requests that participation in a proposed multi-client 2D seismic survey be credited as fulfillment of its work obligation under the current Sub-Phase and a 6 – month extension of the term of SC 69 to November 2016.

SC 50 (North Palawan)

Frontier Oil, the Operator, applied for a Force Majeure in view of the unilateral cancellation of its rig contract by the counter party.

On October 5, 2015, the DOE denied the Operator's request and, consequently, ruled that the contract effectively expired in March 2015. As at October 20, 2015, Frontier Oil contested DOE's position and engaged the DOE in discussions aimed at mutually acceptable resolution of the issue.

Frontier requested a 2-year moratorium on contract obligations in January 2016.

Financial Performance

For the year ended December 31, 2015, consolidated net income surged to ₱906 million in 2015 from ₱180 million in 2014. Following are the material changes in the Consolidated Statements of Income between 2015 and 2014:

Revenue

	Years ended December 31		Increase (Decrease)	
In millions	**2015**	**2014**	**Amount**	**%**
Revenue from sale of electricity	₱ 13,456,926	₱ 10,741,307	₱ 2,715,619	25
Dividend income	8,798	6,840	1,958	29

- The ample growth of revenue from sale of electricity is attributable to higher energy sales for the power supply business and the sale of electricity of TAREC, which qualified for the Feed-in Tariff (FIT) rate of ₱7.40 for every kilowatt hour (kWh) sold from its 54MW wind farm in the island of Guimaras starting from its commercial operations date on December 27, 2014.
- Dividend income increased as a result of higher dividends received from Union Galvasteel Corporation (UGC).

Cost and expenses

	Years ended December 31		Increase (Decrease)	
In millions	**2015**	**2014**	**Amount**	**%**
Cost of sale of electricity	₱11,813,442	₱9,829,788	₱ 1,983,654	20
General & administrative expenses	510,466	386,134	124,332	32

- The increase in cost of sale of electricity was driven by the increase in energy sales in kWh. Depreciation, repairs and maintenance and insurance also went up with the full year operations of TAREC and OSPGC in 2015.
- General and administrative expenses increased due to higher management and professional fees, salaries, and taxes and licenses.

Other income (loss) - net

Following are the material changes in cost and expenses in the Consolidated Statements of Income between 2015 and 2014.

	Years ended December 31		Increase (Decrease)	
In millions	**2015**	**2014**	**Amount**	**%**
Others income (loss)				
Interest & other financial charges	₱ (449,480)	₱ (170,969)	278,511	163
Option fee	35,159	-	35,159	-
Foreign exchange gain (loss)	(20,880)	(751)	20,129	2680
MTM gain (loss) on derivatives	18,048	(35,220)	53,268	-
Interest & other financial income	16,257	6,113	10,144	166
Reversal of (provision for):				
Impairment loss on AFS investments	(12,424)	-	12,424	-
Doubtful Accounts	-	(33,365)	(33,365)	-
Gain (loss) on sale of:				
Property, plant & equipment	(3,265)	505	(3,770)	-
Available-for-sale- investments	(18)	404	422	-
Gain on pre-existing relationship	-	8,724	(8,724)	-
Miscellaneous income	12,946	4,034	8,912	221
	₱ (403,657)	**₱ (220,525)**	**(183,132)**	**83**

- Interest expense doubled with the full year payment of interest from long term loans availed in 2014. In 2014, TAREC capitalized a portion of its interest expense amounting to ₱ 95.3 million.
- Option fee was received from a third party for Service Contract 55.
- Foreign exchange loss went up in 2015 brought about by depreciation of peso.
- Net gain on embedded derivatives primarily from fuel purchases was reported in 2015 compared to a loss in 2014. Net loss on embedded derivatives in 2014 included ₱15.3 million from fuel purchases, ₱12.1 million from long-term loans and ₱7.8 million from currency forward contracts.

- Interest and other financial income increased primarily due to higher fair value gains on investment held for trading in 2015 compared to 2014.
- Provision for impairment loss of available-for-sale investments was set up in 2015.
- The Company set-up provision for doubtful account in 2014. None was made in 2015.
- Loss from sale of property, plant and equipment was reported in 2015 due to disposal of damaged and scrapped assets.
- Loss on sale of available-for-sale investments was recorded in 2015 due to lower market value of investments.
- Gain on settlement of pre-existing relationship was due to the acquisition of OSPGC in 2014.
- Miscellaneous income consists of scrap sales, share in expenses and other income and expenses, the individual components of which are not material in amount and nature.

	Years Ended December 31		Increase (Decrease)	
In millions	**2015**	**2014**	**Amount**	**%**
Equity in net losses of associates & JV	**₱ 372,214**	**₱ (2,616)**	374,830	-

Equity in net earnings of associates and joint venture jumped in 2015 primarily due to net income from SLTEC which started commercial operations on April 24, 2015 and due to net income from full year operations of Maibarara Geothermal Inc. (MGI).

Provision for (benefit from) income tax

	Years Ended December 31		Increase (Decrease)	
In millions	**2015**	**2014**	**Amount**	**%**
Current	₱ 221,436	₱ 131,945	89,491	68
Deferred income tax	(12,469)	1,174	(13,643)	-
	₱ 208,967	**₱ 133,119**	(75,848)	57

As a result of higher taxable income in 2015, provision for income tax increased by 57% which includes benefit from deferred income tax.

Net Income

Consolidated net income for the year ended December 31, 2015 was five times higher than 2014 net income as a consequence of the above cited factors.

Financial Highlights

In millions	Years ended December 31 2015	2014	Increase (Decrease) Amount	%
ASSETS				
Current Assets				
Cash and cash equivalents	**₱ 355,743**	₱ 541,571	(185,829)	(34)
Investments held for trading	**942,142**	377,793	564,349	149
Receivables	**3,466,310**	3,055,022	411,288	13
Fuel & spare parts - at cost	**310,929**	307,097	3,832	1
Other current assets	**1,052,366**	840,315	212,051	25
Total Current Assets	**₱ 6,127,490**	**₱ 5,121,798**	1,005,692	20
Noncurrent Assets				
Plant, property and equipment	**₱ 7,381,816**	₱ 6,863,059	518,757	8
Investments in associates and joint ventures	**4,171,641**	3,747,462	424,179	11
Available-for-sale investments	**295,768**	268,598	27,170	10
Investments properties	**26,341**	28,302	(1,961)	(7)
Goodwill & other intangible assets	**434,586**	440,276	(5,691)	(1)
Deferred income tax assets - net	**31,303**	35,199	(3,896)	(11)
Other noncurrent assets	**157,328**	86,665	70,663	97
Total Noncurrent Assets	**₱ 12,498,783**	**₱ 11,469,561**	1,029,222	9
TOTAL ASSETS	**₱ 18,626,273**	**₱ 16,591,359**	2,034,914	12
LIABILITIES & STOCKHOLDERS' EQUITY				
Current Liabilities				
Accounts payable and other current liabilities	**₱ 3,104,537**	₱ 2,285,438	819,099	36
Income and withholding taxes payable	**65,517**	46,439	19,078	41
Due to stockholders	**11,570**	9,135	2,435	27
Current portion of long-term loans	**58,454**	29,255	29,199	100
Total Current Liabilities	**₱ 3,240,078**	**₱ 2,370,267**	869,811	37
Long-term loans - net of current portion	**₱ 7,131,048**	₱ 6,729,591	401,457	6
Pension & other employment benefits	**33,813**	28,652	5,161	18
Deferred tax income liabilities - net	**142,554**	158,459	(15,905)	(10)
Other noncurrent liabilities	**118,383**	82,268	36,115	44
Total Noncurrent Liabilities	**₱ 7,425,798**	**₱ 6,998,970**	426,828	6
Total Liabilities	**₱ 10,665,876**	**₱ 9,369,237**	11,296,639	14
Capital Stock: ACS - 8.4 B shs, P 1 par value	**4,865,146**	4,865,146	-	-
Additional paid in capital	**40,783**	38,258	2,525	6
Other equity reserve	**34,913**	35,992	(1,078)	(3)
Unrealized FV gains on available-for-sale investments	**101,478**	74,515	26,963	36
Remeasurement losses on defined benefit plan	**(2,735)**	(1,454)	(1,281)	88
Accumulated share in other comprehensive income of JV	**(357)**	215	(572)	-
Retained Earnings	**2,845,559**	2,128,208	717,351	34
Treasury shares	**(28,793)**	(28,793)	-	-
Total equity attributable to equity holders of Parent Company	**7,855,994**	7,112,086	743,908	10
Non-controlling interests	**104,403**	110,036	(5,633)	(5)
Total Equity	**₱ 7,960,397**	**7,222,122**	737,335	10
TOTAL LIABILITIES & EQUITY	**₱ 18,626,273**	**₱ 16,591,359**	2,034,914	12

- **Cash and cash equivalents** decreased due to operating activities of the company. On the other hand, **investments held for trading** went up due increase in investments held for trading of TAREC. The Consolidated Statements of Cash Flows show details of material changes in cash and cash equivalents and investments held from trading.
- **Receivable**s went up with the additional customers of the Parent Company and the FIT differential receivables recognized by TAREC from the National Transmission Corporation.
- **Other current assets** increased in 2015 brought about by increase in input taxes of TAREC resulting from the wind farm construction, deposit receivable and creditable withholding taxes.
- **Property, plant and equipment** increased due to the capital expenditures of TAREC and acquisition of three power barges in July 2015.
- **Investments in associates and interests in joint venture** increased due to income earned from SLTEC and MGI.
- **Available-for-sale investments** increased due to shares received from third party as option fee for Service Contract 55.
- **Investment properties** decreased proportionately with the depreciation recognized in 2015.
- **Other noncurrent assets** rose due to receivable from third party.

Liabilities and Equity

- **Accounts payable and other current liabilities** reflected the increased level of operations with additional trade payables.
- **Income and withholding tax payable** went up due to higher income taxes and taxes withheld.
- **Due to stockholders** increased due to unclaimed cash dividend checks.
- The reclassification of long-term loans from noncurrent accounted for the increase in the **current portion of long-term loans.**
- **Pension and other employee's benefits** increased due to accrual of retirement expense during the period.
- **Deferred income tax liabilities** decreased due to tax effect of the amortization of leasehold rights and depreciation of excess of fair value over cost of power plant.
- **Other noncurrent liabilities** increased due to additional deposits received from customers.
- **Additional paid-in capital** increased due to the adjustments relating to unexercised stock options.
- **Unrealized fair value gains on available-for-sale investments** went up due to higher market value of investments.
- **Remeasurement losses on defined benefit plan** increased due to actuarial losses.
- **Accumulated share in other comprehensive income of a joint venture** decreased due to recognition of remeasurement loss on defined benefit plan of SLTEC.
- **Retained earnings** went up due to higher net income in 2015.
- **Non-controlling interests** decreased due to net losses posted of TA Petroleum and Palawan55.

The key performance indicators of Trans-Asia and its majority owned subsidiaries, as consolidated, are the following:

KPI	Formula	31-Dec-15 Audited	31-Dec-14 Audited	Increase (Decrease) Difference	%
Liquidity Ratios					
Current ratio	Current assets / Current liabilities	1.89	2.16	(0.27)	(12)
Acid test ratio	Cash + Short-term investments + Accounts Receivables + Other liquid assets / Current liabilities	1.47	1.68	(0.20)	(12)
Solvency Ratios					
Debt/Equity ratio	Total Liabilities / Total Equity	1.34	1.30	0.04	3
Asset to equity ratio	Total Assets / Total Equity	2.34	2.30	0.04	2
Interest coverage ratio	Earnings before interest & tax (EBIT) / Interest expense	3.48	2.83	0.65	23
Net Debt to Equity Ratio	Debt - Cash & cash equivalents / Total equity	1.18	1.17	0.01	1

KPI	Formula	31-Dec-15 Audited	31-Dec-14 Audited	Increase (Decrease) Difference	%
Profitability Ratios					
Return on equity	Net income after tax / Average stockholder's equity	11.93%	2.51%	0.09	375
Return on assets	Net income before taxes / Total assets	6.33%	2.27%	0.04	178
Asset turnover	Revenues / Total assets	76.49%	77.98%	(0.01)	(2)

Current ratio & Acid test ratio

Current ratio and acid test ratio decreased due to 37% increase in current liabilities brought about by increase in trade payables.

Debt to equity ratio

Debt to equity ratio slightly increased due to the 14% increase in liabilities brought about by additional long-term loan availed in second quarter of 2015

Asset to equity ratio

Asset to equity ratio slightly increased as total assets increased by 12% as compared to 10% increase in total equity.

Interest coverage ratio

Interest coverage ratio increased brought about by higher earnings before interest and tax in 2015 as compared to 2014.

Net debt to equity ratio

Net debt equity ratio slightly increased due to the 11% increase in net debt brought about by additional long-term loan availed in second quarter of 2015.

Return on equity

Return of equity went up due to higher net income in 2015.

Return on assets

Return on asset increased as average total assets increase by 28% as compared to 256% increase in net income before taxes in 2015.

Asset turnover

Asset turnover slightly decreased as revenues increase by 25% as compared to 28% increase in average total assets.

During the Calendar Year 2015:

- There were no unusual items that affected assets, liabilities, equity, net income or cash flows.
- The Company had two (2) reportable segments namely: petroleum and mining exploration and power business. The fund placements are incidental to the Company's petroleum and mining exploration and power generation activities arising from management of the Company's funds. The exploration costs are shown as "deferred exploration costs" in the consolidated balance sheets.
- There were no events that had occurred subsequent to the balance sheet date that required adjustments to or disclosure in the financial statements other than those already disclosed in the Consolidated Financial Statements.
- There were no contingent assets or contingent liabilities since the last annual balance sheet date except those already disclosed in the Consolidated Financial Statements.
- There were no operations subject to seasonality and cyclicality.
- There were no material trends, demands, commitments, events or uncertainties known to the Company that would likely affect adversely the liquidity of the Company except for those mentioned in the Consolidated Financial Statements.
- There were no trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations except those already disclosed in the Consolidated Financial Statements.
- There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or result of operations.
- There were no events that trigger direct or contingent financial obligation that was material to the Company.
- There were no material off balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the period except those mentioned in the Consolidated Financial Statements.

Calendar year 2014

Revenues

For the year ended December 31, 2014, consolidated revenues went up by 10% from ₱9.8 billion in 2013 to ₱10.8 billion. Following are the material changes in revenues in the Consolidated Statements of Income between 2014 and 2013:

	Years Ended December 31		**Increase (Decrease)**	
In thousands	**2014**	**2013**	**Amount**	**%**
Revenue from sale of electricity	₱ 10,741,307	₱ 9,739,354	1,001,953	10
Dividend income	6,840	8,097	(1,257)	(16)
Rental income	4,425	5,776	(1,351)	(23)

- **Revenue from sale of electricity** increased brought about by higher energy sales and higher power rates, tempered by the ERC/PEMC adjustments pertaining to November and December 2013 WESM transactions.
- **Dividend income decreased due to** lower dividends received from UGC and Asian Plaza.
- **Rental income** decreased due to increase of office space previously for lease was used by the company for i**ts operations.**

Cost and expenses

Consolidated cost and expenses increased by 11% in 2014 as compared with 2013. Following are the materials changes in cost and expenses in the Consolidated Statements of Income between 2014 and 2013.

	Years Ended December 31		Increase (Decrease)	
In thousands	2014	2013	Amount	%
Cost of sale of electricity	₱ 9,829,788	₱ 8,819,609	1,010,179	11
General & administrative expenses	386,134	349,166	36,968	11
	₱ 10,215,486	**₱ 9,168,778**	1,046,708	11

- The increase of cost of sale of electricity was driven by the increase in cost of power purchased due to higher cost per kWh.
- General and administrative expenses increased by 11% brought about by higher taxes and licenses.

Other income (Loss) - net

Following are the materials changes in cost and expenses in the Consolidated Statements of Other Income (loss) between 2014 and 2013.

	Years Ended December 31		Increase (Decrease)	
In thousands	2014	2013	Amount	%
Interest & other financial charges	₱ (170,969)	₱ (13,936)	157,033	1127
Interest & other financial income	6,113	14,541	(8,428)	(58)
Loss (gain) on sale:				
Property and equipment	505	336	169	50
Available-for-sale investments	404	622	(218)	(35)
MTM Gain on derivatives	(35,220)	31,159	(66,379)	(213)
Foreign exchange gain (loss)	(751)	(8,863)	8,112	(92)
Gain on pre-existing relationship	8,724	-	8,724	-
Reversal of (provision for):				
Impairment loss on available-for-sale investments	-	(49,697)	49,697	-
Doubtful accounts	(33,365)	(17,680)	15,685	89
Impairment loss on deferred exploration costs	-	12,874	(12,874)	-
Inventory obsolescence	-	(487)	487	-
Gain on remeasurement of previously held interests	-	168,585	(165,585)	-
Gain on assignment of MPSA	-	37,934	(37,934)	-
Gain on bargain purchase	-	25,926	(25,926)	-
Miscellaneous income	4,034	8,390	(4,356)	(52)
	₱ (220,525)	**₱ 207,704**	**(430,229)**	**(205)**

- **Interest expense** rose 12 times due to interest expense incurred on long term loans availed in 2014.
- **Interest and other financial income** dropped due to decrease in level of placements.
- **Gain on sale of property, plant and equipment** increased in 2014 as compared to 2013 due to the disposal of fully depreciated transportation equipment and office equipment.
- **Gain on sale of available-for-sale investments** decreased due to lower market value of investments in 2014.

- **Net loss on embedded derivatives** of ₱35.22 million was reported in 2014 as compared with ₱31.16 million gains in 2013. Net loss on embedded derivatives includes ₱15.33 from fuel purchases, ₱12.10 million from long-term loans and ₱7.80 million from currency forward contracts.
- **Foreign exchange loss** decreased brought about by the lower level of foreign currency holdings.
- **Gain on settlement of pre-existing relationship** was reported due to the acquisition of OSPGC in 2014.
- **Provision for impairment loss of available-for-sale investments** of ₱49.70 million and provision for inventory obsolescence of ₱0.49 million were set up in 2013. No additional setup was made for 2014.
- Additional **provision of doubtful accounts** was set up in 2014.
- **Miscellaneous income** dropped as 2013 included an insurance recovery of Trans-Asia Power Generation Corp.

Equity in net losses of Associates and Joint Venture

	Years Ended December 31		Increase (Decrease)	
In thousands	**2014**	**2013**	**Amount**	**%**
Equity in net losses of associates & JV	**₱ (2,616)**	**₱ (61,699)**	59,083	(96)

Due to net income reported by MGI, equity in net losses of associates and joint ventures dropped by 96% from ₱61.70 million in 2013 to ₱2.62 million in 2014. The Company has 25% interest in MGI. MGI started its commercial operation on February 2014. Losses in 2013 were accounted by expenses for projects under construction.

Provision for (benefit from) income tax

	Years Ended December 31		Increase (Decrease)	
In thousands	**2014**	**2013**	**Amount**	**%**
Current	₱ 131,945	₱ 195,423	(63,479)	(32)
Deferred income tax	1,174	(35,761)	36,936	-
	₱ 133,119	**₱ 159,662**	(26,543)	(16)

As a result of the lower taxable income in 2014, provision for income tax decreased by 16%.

Net Income

Consolidated net income for the year ended December 31, 2014 amounted to ₱ 180.39 million which was 69% lower than 2013 net income due to as a consequence of the above cited factors.

Following are the material changes in the accounts in the Consolidated Balance Sheets between December 31, 2014 and December 31, 2013.

Financial Highlights

ASSETS

In thousands	Years Ended December 31 2014	2013	Increase (Decrease) Amount	%
Cash and cash equivalents	₱ 541,571	₱ 687,992	(146,421)	(21)
Short-term investments	-	51,354	(51,354)	-
Investments held for trading	377,793	475,352	(97,559)	(21)
Receivables	3,055,292	2,672,775	382,247	14
Fuel & spare parts - at cost	307,097	243,763	63,333	26
Available-for-sale investments	-	292,136	(292,136)	-
Other current assets	840,315	447,430	392,349	88
Total Current Assets	**₱ 5,121,798**	**₱ 4,870,801**	**250,997**	5
Plant, property and equipment	6,863,059	2,390,616	4,472,442	187
Investments in associates and interest in joint ventures	3,747,462	3,248,944	498,517	15
Available-for-sale investments	268,598	286,498	(17,900)	(6)
Investment properties	28,302	30,263	(1,961)	(6)
Goodwill and other Intangible assets	440,276	96,291	343,986	357
Deferred income tax assets	35,199	47,027	(11,828)	(25)
Other noncurrent assets	86,665	15,827	70,838	448
Total Noncurrent Assets	**₱ 11,469,561**	**₱ 6,115,466**	5,354,095	88
TOTAL ASSETS	**₱ 16,591,359**	**₱ 10,986,268**	**5,605,092**	51

- **Cash and cash equivalents** decreased due to redemption of all short-term investment in 2014 and decrease of investment held for trading was due to capital expenditures of TAREC and the Company's investments in SLTEC's second unit of CFB power plant.
- **Receivables** went up mainly due to the issue on ERC/PEMC adjustments pertaining to Nov and Dec 2013 WESM prices whose resolution is still pending with the Supreme Court. Collections under the Multilateral Agreement were recognized as payable to PEMC instead of reduction to receivables (see Note 9 of the Consolidated Financial Statements).
- The increase in **fuel and spare parts** from ₱243.76 million to ₱307.10 million was brought about by the increase in bunker fuel purchased and fuel price.
- **Current Available-for-sale investments** of were terminated and used to fund the Company's wind project.
- **Other current assets** increased due to increase in input taxes of TAREC and creditable withholding taxes of the power plants.
- **Property, plant and equipment** tripled due to construction of the wind farm of TAREC.
- **Investments in associates and interests in joint venture** increased due to additional investments in SLTEC and MGI.
- The decrease of 6% in **available-for-sale investments** was due to lower market value of the investments.
- **Investment properties** also decreased due to depreciation in 2014.
- **Intangible assets** increased due to goodwill and leasehold rights recognized in the acquisition of OSPGC.

- **Deferred income tax asset** decreased due to the tax application of NOLCO of CIP.
- **Other noncurrent assets** went up brought about by the advance payment of rent on lease contracts for the wind farm of TAREC.

LIABILITIES AND EQUITY

	Years Ended December 31		Increase (Decrease)	
In thousands	**2014**	**2013**	**Amount**	**%**
Accounts payable and other current liabilities	₱ 2,285,438	₱ 2,508,909	(173,659)	(7)
Due to stockholders	9,135	190,448	(181,313)	(95)
Current portion of long-term loans	29,254	-	30,000	-
Short-term loans	-	910,000	(910,000)	(100)
Income and withholding taxes payable	46,439	48,611	(2,172)	(4)
Total Current Liabilities	**₱ 2,370,266**	**₱ 3,657,968**	**(1,035,534)**	(34)
Long-term loans	6,729,592	-	6,729,592	100
Pension & other postemployment benefits	28,652	33,625	(4,973)	(15)
Deferred tax liabilities net	158,459	142,456	16,003	11
Other noncurrent liabilities	82,268	24,860	57,409	230
Total Noncurrent Liabilities	**6,998,970**	**200,941**	6,798,030	3383
Total Liabilities	**₱ 9,369,237**	**₱ 3,858,909**	**5,483,398**	142
Capital Stock	4,865,146	4,863,863	1,283	-
Additional paid in capital	38,258	35,573	2,685	8
Other equity reserve	35,991	32,025	3,966	12
Unrealized FV gains on AFS investments	74,515	91,823	(17,308)	(9)
Re-measurement gains on defined benefit plan	(1,454)	(4,225)	2,771	(66)
Accumulated share in OCI of Joint Venture	215	4,688	(4,473)	(95)
Retained Earnings	2,128,208	2,132,405	4,197	0
Treasury shares	(28,793)	(28,793)	-	-
	7,112,086	7,127,359	(15,273)	0
Non-controlling Interests	110,036	-	110,036	
Total Equity	**₱ 7,222,122**	**₱ 7,127,359**	**94,763**	1
TOTAL LIABILITIES & EQUITY	**₱ 16,591,359**	**₱ 10,986,268**	**5,605,091**	51

- **Accounts payable** and other current liabilities increased due to pending resolution of the issue on ERC adjustments as discussed above.
- **Property and cash dividends** were paid in 2014 which reduced the Due to stockholders account by 95%.
- The Company settled its **short-term loans** in the first semester of 2014.
- The Company availed of a ₱6.82 billion long-term loan in 2014 to fund its projects and settle its short-term loans.
- **Deferred income tax liabilities** increased due to the tax effect of goodwill and leasehold rights from acquisition of OSPGC.
- **Pension and other post-employment benefits** increased due to additional pension expense accrued in 2014.
- **Other noncurrent liabilities** include ₱49.81 million finance lease obligation of TAREC with various land owners.
- **Additional paid-in capital** increased due to exercise of stock options of employees.
- **Other equity reserve** increased due to accrual of equity-based compensation expense.

- **Unrealized fair value gains on available-for-sale investments** went down due to lower market value of investments.
- **Re-measurement gains on defined benefit** plan decreased due to actuarial losses.
- **Accumulated share in other comprehensive income of a joint venture** due to settlement of forward contracts of SLTEC.
- **Non-controlling interests** was reported in 2014 in Trans-Asia Petroleum Corporation and Palawan55 Exploration and Production Corporation

The key performance indicators of Trans-Asia and its majority owned subsidiaries, as consolidated, are the following:

Key Performance Indicators	Formula	Years Ended December 31		Increase (Decrease)	
		2014	2013	Amount	%
Liquidity Ratios					
Current ratio	Current assets / Current liabilities	2.16	1.33	0.83	62
Acid test ratio	Cash + Short-term investments + Accounts Receivables + Other liquid assets / Current liabilities	1.68	1.14	0.53	47
Solvency Ratios					
Debt/Equity ratio	Total Liabilities / Total Equity	1.30	0.54	0.76	140
Asset to equity ratio	Total Assets / Total Equity	2.30	1.54	0.76	49
Interest coverage ratio	Earnings before interest & tax (EBIT) / Interest expense	2.83	53.56	N.A	N.A
Net Debt to Equity Ratio	Debt Cash & cash equivalents / Total equity	1.17	0.33	N.A	N.A

Key Performance Indicators	Formula	Years Ended December 31		Increase (Decrease)	
		2014	2013	Amount	%
Profitability Ratios					
Return on equity	Net income after tax / Average stockholders' equity	2.51%	8.15%	(0.06)	(69)
Return on assets	Net income before taxes / Total assets	2.27%	7.90%	(0.06)	(71)
Asset turnover	Revenues / Total assets	84.28%	105.31%	(0.21)	(20)

Current ratio & Acid test ratio
Current ratio & acid test ratio increased due to 34% decrease in current liabilities.

Debt to equity ratio
Debt to equity ratio slightly increased due to long-term loans availed in the second and third quarter of 2014, settlement of trade payables and short-term loans.

Asset to equity ratio
Asset to equity ratio went up as total assets increased by 51% due to the Company's various projects and debt financing as compared to a minimal 1.3% increase in total equity.

Interest coverage ratio and Net debt to equity ratio
Interest coverage ratio was 2.83 times. Net debt to equity ratio increased from 0.33 to 1.17 due to long-term loans availed in 2014.

Net debt to equity ratio
Net debt ratio rose due to long-term loan availed in 2014.

Return on equity
Return on equity went down due to lower income in 2014.

Return on assets
Return on asset dropped as average total assets increase by 49% and net income decreased by 69% in 2014.

Asset turnover
Asset turnover went down as revenues decreased by 19% and average total assets increased by 49%.

During the Calendar Year 2014:

- There were no unusual items that affected assets, liabilities, equity, net income or cash flows.
- The Company had two (2) reportable segments namely: petroleum and mining exploration and power business. The fund placements are incidental to the Company's petroleum and mining exploration and power generation activities arising from management of the Company's funds. The exploration costs are shown as "deferred exploration costs" in the consolidated balance sheets.
- There were no events that had occurred subsequent to the balance sheet date that required adjustments to or disclosure in the financial statements other than those already disclosed in the Consolidated Financial Statements.
- The Company acquired the entire outstanding shares of OSPGC on May 12, 2014.
- There were no contingent assets or contingent liabilities since the last annual balance sheet date except those already disclosed in the Consolidated Financial Statements.
- There were no operations subject to seasonality and cyclicality.
- There were no material trends, demands, commitments, events or uncertainties known to the Company that would likely affect adversely the liquidity of the Company except for those mentioned above and in the Consolidated Financial Statements.
- There were no trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations except those already disclosed above and in the Consolidated Financial Statements.
- There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or result of operations.
- There were no events that trigger direct or contingent financial obligation that was material to the Company.
- There were no material off balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the period except for those mentioned above and the Consolidated Financial Statements.

Calendar Year 2013

Oil and Gas

<u>SC 6 (Offshore Northwest Palawan)</u>

Block A

Pitkin Petroleum Plc., the Operator, completed a 500 sq. km. 3D seismic survey over selected prospects and leads. As of yearend, processing of the seismic data is ongoing at a contractor's facility in Vietnam.

Under the Farm-In Agreement dated July 11, 2011, Pitkin shall carry your Company and the other nonoperating consortium members in the costs of said seismic program and the drilling of two (2) wells, in exchange for the assigned 70% participating interest.

Block B

The Department of Energy ("DOE") disapproved the assignment of 70% of the Farm-Ing out parties' ("Farmors" which includes Trans-Asia) combined participating interests to Peak Oil and Gas Philippines, Ltd., Blade Petroleum Philippines, Ltd. and Venturoil Philippines, Inc. ("Farm-Inees") due to the Farm-Inees' failure to satisfy the DOE's requirements for service contractors .

Under the Farm-In Agreement dated February 4, 2011, the Farm-Inees were supposed to shoulder all the Farmors' share of exploration and development expenditures in the block up to the production of first oil.

In view of this development, original consortium members proposed to the DOE the conduct of a geological and geophysical program designed to evaluate two prospects in the block. The DOE subsequently approved the proposed work program.

Trans-Asia, through its wholly owned subsidiary, Trans-Asia Petroleum Corporation ("TA Petroleum"), holds 2.334% and 14.063% participating interests in Block A and Block B, respectively.

SC 14 Block B1 (Offshore Northwest Palawan)

The North Matinloc field produced 9,703 barrels of oil in year 2013.

Trans-Asia has 6.103% participating interest in the block.

SC 51 (Northwest Leyte/Cebu Strait)

Otto Energy Investments, Ltd. ("Otto Energy"), the Operator, spudded the Duhat2 well in San Isidro, Leyte in July 2013, but plugged and abandoned the well without reaching its target for safety and environmental reasons, after the well encountered a high pressure water zone.

The consortium requested the DOE a six month extension of the current exploration Sub Phase 5 to July 31, 2014 to be able to conduct post well geological, geophysical and drilling studies.

Trans-Asia, through TA Petroleum, owns 6.67% participating interest in SC 51.

SC 55 (Offshore West Palawan)

The Strategic Environmental Plan clearance was issued by the Palawan Council for Sustainable Development ("PCSD") and signed by all Parties in October 2013.

BHP Billiton Petroleum (Philippines) Corporation ("BHP Billiton"), the Operator, requested the DOE an extension of the current Sub Phase 4 to October 2014 to account for the Force Majeure period caused by the fourteen month delay in issuance of the aforementioned PCSD clearance.

In November 2013, BHP Billiton verbally informed the partners of its decision not to drill a well under SC 55 and proposed to reassign its 60% participating interest to Otto Energy. Otto Energy subsequently signed a Letter of Intent with BHP Billiton providing for the termination of their Farmout Agreement and the reassignment of BHP Billiton's participating interest, including a cash settlement.

Palawan55 Exploration & Production Corporation, a subsidiary of Trans-Asia, holds 6.82% participating interest in SC 55.

SC 69 (Camotes Sea)

Following an unsuccessful campaign to farm out its participating interest, Otto Energy Philippines, Inc. ("Otto Philippines") notified the partners of its withdrawal from SC 69.

In view of Otto Philippines' withdrawal, TA Petroleum and Frontier Gas fields, Ltd. ("Frontier") jointly requested the DOE a six month extension of the October 2013 deadline to enter the next exploration Sub Phase. As of yearend, the request is pending with the DOE.

Upon DOE approval of the assignment of Otto Philippines' interests to TA Petroleum and Frontier, TA Petroleum's participating interest in SC 69 will be adjusted from the current 6% to 50%.

SC 52 (Cagayan Province)

In view of the suspension of the Nassiping2 Stimulation and Testing Program in December 2012, Frontier Oil Corporation ("Frontier Oil"), the Operator, elected to enter Sub Phase 5 (ending July 2014) with the deepening of the Nassiping2 well, including the testing of all prospective gas bearing intervals in the borehole, as one of two well obligations.

Trans-Asia and Frontier Oil signed a Second Amendment to their Farm-In Option Agreement in July 2013 that extended the option period and expanded the coverage of Trans-Asia's option to include the untested deeper prospective gas bearing intervals identified in the well.

In December 2013, Frontier Oil signed a drilling rig contract for the deepening and testing of the Nassiping2 well

Trans-Asia has an option to acquire a 10% participating interest from Frontier Oil, which option may be exercised after the Nassiping2 well deepening and testing is completed
SC 50 (Offshore Northwest Palawan)

Trans-Asia Petroleum Corporation commenced negotiations with Frontier Energy Limited, the Operator, regarding a Farm-In Agreement that would provide for TA Petroleum's acquisition of 10% participating interest in SC 50.

Subject to execution of said Farm-In Agreement, TA Petroleum committed to subscribe to PhP 136 million in Frontier Oil Corporation shares through the latter's forthcoming Initial Public Offering.

GEOTHERMAL

Maibarara Geothermal Incorporated

MGI, 25% owned subsidiary of Trans-Asia, completed the commissioning of the steam field facilities in September 2013. Connection of the transmission line to Meralco's distribution system and its energization were likewise accomplished during the same month. Testing .of high voltage systems were done in October 2013. Commissioning and testing of the 20 MW power plants commenced in November 2013. .

Commercial operation is anticipated in early 2014.

Mabini Geothermal Service Contract (Batangas)

Trans-Asia signed a Memorandum of Agreement ("MOA") with Basic Energy Corporation ("Basic") in December 2013, under which Trans-Asia shall acquire from Basic a 10% participating interest in the Mabini Geothermal Service Contract, which interest may be increased to up to 40%, at the option of Trans-Asia, after Trans-Asia completes a gravity program in the contract area at its sole cost.

REVENUE

Consolidated net income climbed to ₱ 572.79 million from ₱471.43 million, or a 22% increase. Following are the material changes in revenues in the Consolidated Statements of Income between 2013 and 2012:

- Revenue from sale of electricity rose to ₱9.74 billion due higher energy sales in kWh. Also, due to energy sold by TA Power which became wholly owned on January 1, 2013 and by CIPP which commenced operation in January 2013.
- Rental income decreased from ₱6.55 million to ₱5.78 million due to termination of a third party lease contract.

COST AND EXPENSES

Following are the material changes in costs and expenses in the Consolidated Statements of Income between 2013 and 2012:

- Cost of sale of electricity rose to ₱8.82 billion due to increase of energy sale in kWh and became wholly owned by TA Power and commerciality of CIPP during the year.
- General and administrative expenses increased by 20% from ₱290.10 million to ₱349.17 million brought about by higher taxes and licenses, insurance, management, director and professional fees.

Net other income (loss) increased to ₱209.70 million as compared as same period last year. Following are the material changes in other income and in the Consolidated Income Statements:

- The purchase of the 50% interest in TA Power resulted in a gain on re-measurement on previously held interest of ₱168.58 million and gain on bargain purchase from acquisition of ₱25.93 million in 2013.
- Net gain on its currency forward contracts went up to ₱31.16 million from ₱9.36 million. This was due to the depreciation of peso vis-à-vis the US dollar on the settlement date of the forward contracts.
- Interest and other financial income dropped by 81% from ₱75.86 million to ₱14.5 million due to loss from changes in fair value of investments held for trading.
- Interest and other financial charges increased from ₱1.34 million to ₱13.94 million due to interest expense incurred on short-term loan in 2013.
- Foreign exchange loss dropped from ₱27.20 million to ₱8.86 million. This was brought about by the depreciation of the US dollar vis-à-vis the Peso.
- The Company wrote off ₱6.02 million worth of remaining property and equipment in Calamba, Laguna in 2012.
- Gain on sale of available-for-sale investments of ₱621.82 thousand was reported in 2013 as compared with ₱75.50 thousand in the same period last year due to higher market value of investments.
- Gain on sale of property and equipment of ₱335.66 thousand was reported in 2013 as compared with ₱175.77 thousand in the same period last year due to the disposal of transportation equipment.
- Provision for impairment loss of available-for-sale investments of ₱49.70 million and provision for inventory obsolescence of ₱486.52 thousand were setup in 2013.
- Additional provision for doubtful accounts of ₱17.68 million was setup in 2013.
- The provision for impairment loss on deferred exploration costs of ₱12.87 million setup in 2012 was reversed in 2013 due to the Company’s payment of supplemental option fee.
- The Company reported in 2013 a ₱37.93 million option fee received from a third party for the Company’s Camarines Norte MPSA as compared with ₱30.73 million option fee received in 2012.
- Miscellaneous income increased from ₱6.34 million to ₱8.39 million. Other income consists of miscellaneous income and expenses, the individual components of which are not material in amount and nature.

Equity in net losses of associates and joint ventures increased from ₱20.95 million to ₱61.70 million in 2013 brought about by higher net losses of SLTEC and MGI, which are still on construction / pre-operating stage.

Provision for income tax increased from ₱180.07 million to ₱195.42 million in 2013 due to higher taxable income. Benefit from deferred income tax of ₱35.76 million was reported in 2013 as compared with provision for deferred income tax of ₱2.06 million reported in 2012.

As a consequence of the above cited factors, an increase in net income by 22% was reported in 2013 from ₱471.43 million last year to ₱572.79 million this year.

Total consolidated assets increased to ₱10.99 billion as of December 31, 2013 from ₱7.56 billion as of December 31, 2012. Total consolidated liabilities rose to ₱3.86 billion from ₱635.66 million. Equity also increased from ₱6.93 billion to ₱7.13 billion.

Material changes in the balance sheet accounts of the Company were due partly to the change in TA Power's status from a 50% owned joint venture in 2012 to a wholly owned subsidiary of the Company starting January 1, 2013. In accordance with PFRS 11, TA Power accounts are consolidated with the parent Company in 2013 while they are presented using the equity method and included under the account Investments in Associates Net in the 2012 balance sheet.

Following are the material changes in the accounts in the **Consolidated Balance Sheets** between December 31, 2013 and December 31, 2012:

- Cash and cash equivalents fell from ₱907.60 million to ₱687.99 million. The Consolidated Statements of Cash Flows show details of material changes in cash and cash equivalents.
- Short-term investments dropped to ₱51.35 million from ₱1.56 billion due to capital expenditures of TAREC and the Company's investments in SLTEC's second unit of CFB power plant and MGI's geothermal project in Batangas.
- Investments held for trading decreased from ₱835.01 million to ₱475.35 million. The Consolidated Statements of Cash Flows show details of material changes in investments held for trading.
- Receivables went up by 299% from ₱670.23 million to ₱2.67 billion due to increase in generation and trading revenues.
- Fuel and spare parts increased by 82% from ₱133.93 million to ₱243.76 million due to the increase in the quantity of bunker fuel and spare parts purchased by TA Power, CIPP and One Subic Power Generation Corporation. The Company maintains bunker fuel inventories for the Subic power plant under its Power Administration and Management Agreement
- Available-for-sale investments climbed 5 times higher to ₱292.14 million from ₱54 million, as of December 31, 2012 due to investments in bonds and money market placements.
- Other current assets rose to ₱447.43 million from ₱66.98 million primarily brought about by the creditable withholding taxes of TA Power and input taxes of CIPP and the parent company.
- Property, plant and equipment increased from ₱606.42 million to ₱2.39 billion due to fixed assets and capital expenditures of CIPP and TAREC.
- Investment in associates and joint ventures increased from ₱2.39 billion to ₱3.25 billion due to additional investments in MGI and SLTEC.
- Noncurrent available for sale investments increased from ₱224.56 million to ₱286.50 million. The latter includes shares of stocks owned by TA Power.
- Investment properties went up to ₱30.26 million from ₱19.14 million primarily because of the land owned by TA Power.
- Deferred exploration costs went up from ₱72.22 million to ₱96.29 million due to participation of the Company in Service Contract 52.
- Deferred tax asset increased from ₱25.41 million to ₱47.03 million brought about by the tax effect of the accrual of expenses and recognition of deferred tax asset which can be used for future taxable profit. .
- Other noncurrent assets increased from ₱2.38 million to ₱15.83 million. The latter includes security deposit of ₱13.75 to supplier.
- The increase in accounts payable and other current liabilities from ₱554.74 million to ₱ 2.51 billion was brought about by the higher level of operations.
- Due to stockholders increased from ₱9.03 million to ₱190.45 million to due to cash and property dividends declared by the Company on July 22, 2013 which remains unpaid as of December 31, 2013 pending issuance by the Bureau of Internal Revenue of the Certificate Authorizing Registration for the property dividend.
- The Company availed of a ₱910 million short-term loan in 2013 to fund operations.
- Income and withholding taxes payable increased by ₱23.22 million or 91% due to higher taxable income.

- Pension and other postemployment benefits increased from ₱27.17 million to ₱33.63 million or 24% due to additional pension expense accrued in 2013.
- Deferred income tax liabilities rose from ₱13.57 million to ₱142.46 million. The latter includes the tax effect of the gain on re-measurement of previously held interest.
- Other noncurrent liabilities increased from ₱5.74 million to ₱24.86 million. The latter includes other noncurrent liabilities of TA Power and deposit from customer of ₱13.75 million.
- Additional paid in capital increased from ₱24.03 million to ₱35.57 million as a result of the stock option plan granted to the directors, officers and employees of the Company and its subsidiaries.
- Other equity reserves – joint venture decreased by ₱4.12 million or 15% due to expenses related to the issuance of stocks of joint venture.
- Other equity reserve – stock option plan of ₱8.77 million was reported in 2013 in connection with the grant and exercise of stock options.
- Unrealized fair value gains on available-for-sale investments increased from ₱84.99 million to ₱91.82 million. The latter includes unrealized fair value gains on available-for-sale investments of TA Power.
- Re-measurement gains on defined benefit plan increased from ₱3.47 million to ₱4.23 million.
- Accumulated share in other comprehensive income of a joint venture decreased from ₱13.14 million to ₱4.69 million. The latter does not include share in other comprehensive income of TA Power since it became wholly owned by TA Oil in 2013.
- Retained earnings increased from ₱1.94 billion to ₱2.13 billion due to the net income earned in 2013, net of dividends declared in the year. Value of parent company's shares of stock held by TA Power increased from ₱11.47 billion to ₱28.79 million. The key performance indicators of Trans-Asia and its majority owned subsidiaries, as consolidated, are the following:

KPI	Formula	31-Dec-13 Audited	31-Dec-12 Audited	Increase (Decrease) Difference	%
Liquidity Ratios					
Current ratio	Current assets / Current liabilities	1.33	7.17	(5.84)	(81)
Acid test ratio	Cash + Short-term Investments + Accounts Receivables + Other liquid assets / Current liabilities	1.14	6.83	(5.68)	(83)
Solvency Ratios					
Debt/Equity ratio	Total Liabilities / Total Equity	0.54	0.09	0.45	490
Asset to equity ratio	Total Assets / Total Equity	1.54	1.09	0.45	41
Interest coverage ratio	Earnings before interest & tax (EBIT) / Interest expense	63.78	N.A	N.A	N.A
Net Debt to Equity Ratio	Debt - Cash & cash equivalents / Total equity	0.33	N.A	N.A	N.A

KPI	Formula	31Dec13 Audited	31Dec12 Audited	Increase (Decrease) Difference	%
Profitability Ratios					
Return on equity	Net income after tax / Average stockholders equity	8.15%	8.20%	(0.00)	(1)
Return on assets	Net income before taxes / Total assets	7.90%	10.23%	(0.02)	(23)
Asset turnover	Revenues / Total assets	21.90%	16.70%	0.05	31

Current Ratio and Acid Test Ratio

Current ratio and acid test ratio dropped due to the effect of the Company's purchase of Holcim's 50% share in TA Power, investments in the coal & wind projects and increase in current liabilities brought about by the higher level of operations.

Debt to equity ratio

Debt to equity ratio increased from 0.09 to 0.54 due to the availment of short-term loan and higher trade payables.

Asset to equity ratio

Asset to equity ratio went up by 41% as total assets increased by 45.2% as compared to 2.9% increase in total equity.

Interest coverage ratio

Interest coverage ratio was 63.78% due to short-term loan availed in 2013. This ratio is not applicable in 2012 since the company had no borrowings.

Net debt to equity ratio

Net debt to equity ratio is 0.33 in 2013. This ratio is not applicable in 2012 since the company had no borrowings.

Return on equity

Return on equity slightly decreased from 8.20% to 8.15% due to increase in capital stock despite higher net income in 2013

Return on assets

Return on asset dropped from 10.22% to 7.90% as total assets increased by 45.2% as compared to 12% increase in net income in 2013

Asset turnover

Asset turnover went up by 31% as revenues increased by 90% as compared to 45.2% increase in total assets.

During the Calendar Year 2013:

- There were no unusual items that affected assets, liabilities, equity, net income or cash flows.
- The Company had two (2) reportable segments namely: petroleum and mining exploration and power business. The fund placements are incidental to the Company's petroleum and mining exploration and power generation activities arising from management of the Company's funds. The exploration costs are shown as "deferred exploration costs" in the consolidated balance sheets.
- There were no events that had occurred subsequent to the balance sheet date that required adjustments to or disclosure in the financial statements other than those already disclosed in the Consolidated Financial Statements.
- The Company became the 100% owner of TA Power on January 1, 2013.
- There were no contingent assets or contingent liabilities since the last annual balance sheet date except those already disclosed in the Consolidated Financial Statements.
- There were no material contingencies and any other events or transactions that occurred that were material to an understanding of the current year except for the Supreme Court's issuance of a 60day TRO on the collection of electricity fees from PEMC as disclosed in Note 9 of the Consolidated Financial Statements, the possible effect of which cannot be quantified and as such, cannot be taken up in the books as at December 31, 2013
- There were no operations subject to seasonality and cyclicality.
- There were no material trends, demands, commitments, events or uncertainties known to the Company that would likely affect adversely the liquidity of the Company except for those mentioned above and in the Consolidated Financial Statements.
- There were no trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations except those already disclosed above and in the Consolidated Financial Statements.
- There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or result of operations.
- There were no events that trigger direct or contingent financial obligation that was material to the Company.
- There were no material off balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the period except for those mentioned above and I the Consolidated Financial Statements.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

For the last five (5) years, there have been no disagreements with the independent accountants on any matter of accounting principles or practices, financial statement disclosures or auditing scope or procedure.

REPORT OF THE AUDIT COMMITTEE
TO THE BOARD OF DIRECTORS

The Board of Directors
Trans-Asia Oil and Energy Development Corporation

The Audit Committee is composed of two (2) independent directors and two (2) executive directors. An independent director chairs the Audit Committee. The Committee has accounting expertise and adequate understanding of the Company's business and industry in which it operates.

The roles and responsibilities of the Audit Committee are defined in the Audit Committee Charter approved by the Board of Directors. We assist the Board of Directors in fulfilling its oversight responsibility to the shareholders relating to the financial statements and financial reporting process, internal control system, internal and external auditor's performance, risk management, and compliance with legal and regulatory matters.

We are pleased to report our activities for Calendar Year 2015.

The Audit Committee had four (4) meetings during the year. The first and last meetings obtained complete attendance while the second and third meetings only had three members in attendance. Overall, attendance is at eighty seven percent (87%). The meetings were timed to review the quarterly and yearly financial reporting of the Company. Also, the Committee reviewed the results of the annual audit of the external auditor, SGV & Co., the findings and status of Group Internal Audit's engagements, the status of Business Resiliency and Integrity Assurance activities and the 2014 Audit Committee Report.

We received information and support from Management, the Compliance Officer and Group Internal Audit to enable us to effectively carry out our functions as defined in the Audit Committee Charter.

ACTIVITIES

Management's Financial Report

We reviewed and endorsed to the Board of Directors for approval the 2014 audited consolidated financial statements and the 2015 unaudited quarterly consolidated financial statements.

Informatively, in our first meeting for 2016 held on February 19, 2016, we likewise reviewed and endorsed to the Board of Directors for approval the 2015 audited consolidated financial statements presented in this 2015 annual report. These activities were performed in the following context:

- Management has the primary responsibility for the financial statements and the financial reporting process.
- SyCip, Gorres, Velayo & Co. (SGV & Co.) is responsible for expressing an opinion on the annual audited consolidated financial statements in accordance with Philippine Financial Reporting Standards.

The related party transactions were also reviewed for potential conflicts of interest. The Audit Committee found these related party transactions to be part of the regular course of business with terms and conditions based on market and in the best interest of the Company.

External Audit

We endorsed to the Board of Directors the nomination of Sycip, Gorres, Velayo & Co. (SGV) as the Company's external auditor for 2015. We reviewed and approved the scope and deliverables of the SGV audit plan. The Committee ensured that SGV's scope included the review of Company's compliance to Philippine Financial Reporting Standards (PFRS). Non-audit services and related fees for their services were also reviewed and we concluded that these fees are not significant to impair their independence.

We also approved the endorsement to the Board of Directors to retain SGV & Co. as the external auditor for 2016 as discussed in our Committee meeting held February 19, 2016.

Internal Audit

We reviewed and approved the Internal Audit plan for 2015 and found them to be appropriate. Based on this plan, the Committee received and reviewed the audit reports submitted by Group Internal Audit and found that the Company's internal control system is adequate and effective. Various audit and control issues including actions taken by management were discussed in the Committee meetings. This is to ensure that management has taken appropriate corrective actions in a timely manner.

We also reviewed the organization and performance of Group Internal Audit for 2015 and found them to be sufficiently independent and effective.

Business Resiliency Program

We reviewed the status of ongoing activities related to the Business Resiliency program as we are tasked to lead and monitor the same. This program encompasses a wide range of disciplines, including Business Continuity Management and Risk Management. We believe the program is both comprehensive and efficient in terms of the management and resolution of the company's risks.

Integrity Assurance Program

We reviewed the status of ongoing activities related to the Integrity Assurance program. This program provides a formal structure for institutionalizing policies, programs and mechanisms based on good corporate governance and ethical business practices, including the adoption of the Code of Business Conduct and the creation of a whistleblower policy and hotline. We also received assurance that the Company's officers and employees have substantially complied with the policies under the Code.

Audit Committee Performance

We performed a self-assessment of the Committee's performance against the approved Audit Committee Charter in line with the guidelines issued by Securities and Exchange Commission for publicly listed companies.

DAVID L. BALANGUE
Chairman, Independent Director

RICARDO V. CAMUA
Vice Chairman, Independent Director

ROBERTO M. LAVIÑA
Executive Director

VICTOR J. DEL ROSARIO
Executive Director

TRANS-ASIA
OIL & ENERGY DEVELOPMENT
A PHINMA Company

SECURITIES & EXCHANGE COMMISSION
SEC Building, EDSA, Greenhills
Mandaluyong City

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR CONSOLIDATED FINANCIAL STATEMENTS

The management of **Trans-Asia Oil and Energy Development Corporation and Subsidiaries** (the "Company") is responsible for the preparation and fair presentation of the consolidated financial statements as at December 31, 2015 and December 31, 2014 and for each of the three years in the period ended December 31, 2015, including the additional components attached therein, in accordance with Philippine Financial Reporting Standards. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the consolidated financial statements and submits the same to the Stockholders.

SyCip Gorres Velayo & Co., the independent auditors, appointed by the stockholders for the years ended December 31, 2015 and 2014, has examined the consolidated financial statements of the Company in accordance with Philippine Standards on Auditing and in its report to the Stockholders, has expressed their opinion on the fairness of presentation upon completion of such examination.

OSCAR J. HILADO
Chairman of the Board

FRANCISCO L. VIRAY
President & Chief Executive Officer

PYTHAGORAS L. BRION, JR.
SVP and Chief Financial Officer

Signed this 23rd day of February 2016

(Page 2 of Statement of Management's Responsibility for Financial Statements)

(REPUBLIC OF THE PHILIPPINES)
Makati City) S.S.

SUBSCRIBED AND SWORN to before me this MAR 16 2016 affiant(s) exhibiting to me their Passport and Driver's License, as follows:

Name	Passport No.	Date of Issue	Place of Issue
Oscar J. Hilado	EC0407396	25 February 2014	Manila
Francisco L. Viray	EC3546900	25 February 2015	Manila
Pythagoras L. Brion, Jr.	EB6637129	24 October 2012	Manila

JOEL S. LLANILLO
COMMISSION NO. M-149
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2016
11/F THE PHINMA PLAZA, 39 PLAZA DRIVE
ROCKWELL CENTER, MAKATI CITY
ROLL NO. 53693
PTR NO. 5323613; 1/4/16; MAKATI CITY
IBP NO. 974819; 9/15/14 LIFETIME; BULACAN CHAPTER

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Page No. 101
Book No. 6
Series of 2016

Trans-Asia Oil & energy Development Corporation
Financial Highlights and Performance Indicator

	31-Dec-15	31-Dec-14	31-Dec-13
Current Assets	6,127,490	5,121,798	4,870,801
Total Assets	18,626,273	16,591,358	10,986,268
Current Liabilities	3,240,078	2,370,267	3,657,968
Total Liabilities	10,665,876	9,369,236	3,858,909
Total Equity	7,960,397	7,222,122	7,127,359
Paid-in Capital	4,905,929	4,903,404	4,899,436
Total Revenues	13,470,170	10,752,572	9,753,227
Net Income	905,852	180,390	572,795
Earnings Per Share	0.19	0.04	0.12
Current Ratio	1.89:1	2.16:1	1.33:1
Acid Test Ratio	1.47:1	1.68:1	1.14:1
Deb/Equity Ratio	1.34:1	1.30:1	0.54:1
Asset-to-Equity Ratio	2.34:1	2.30:1	1.54:1
Interest Rate Coverage Ratio	3.48:1	2.83:1	53.56:1
Net Debt to Equity Ratio	1.18:1	1.17:1	0.33:1
Return on Equity	11.93%	2.51%	8.15%
Return on Assets	6.33%	2.27%	7.90%
Asset Turnover	76.50%	77.98%	105.15%

(Amounts in thousand pesos except earnings per share and ratios)

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

069-039274

COMPANY NAME

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

PRINCIPAL OFFICE *(No. / Street / Barangay / City / Town / Province)*

Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
ACFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
–	870-0100	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
3,224	02/23	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Yolanda D. Añonuevo	ydanonuevo@phinma.com.ph	870-0100	–

CONTACT PERSON's ADDRESS

Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, Philippines 1200

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2 : *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Trans-Asia Oil and Energy Development Corporation
Level 11, PHINMA Plaza
39 Plaza Drive, Rockwell Center
Makati City

We have audited the accompanying consolidated financial statements of Trans-Asia Oil and Energy Development Corporation and Subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2015 and 2014, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

SGV
Building a better working world

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Trans-Asia Oil and Energy Development Corporation and Subsidiaries as at December 31, 2015 and 2014, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2015 in accordance with Philippine Financial Reporting Standards.

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-3 (Group A),
January 18, 2013, valid until April 30, 2016
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321664, January 4, 2016, Makati City

February 23, 2016

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Amounts in Thousands)

	December 31	
	2015	2014
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6 and 33)	**₱355,743**	₱541,571
Investments held for trading (Notes 8 and 33)	**942,142**	377,793
Receivables (Notes 9, 29, and 33)	**3,466,310**	3,055,022
Fuel and spare parts - at cost (Note 10)	**310,929**	307,097
Other current assets (Note 11)	**1,052,366**	840,315
Total Current Assets	**6,127,490**	5,121,798
Noncurrent Assets		
Property, plant and equipment (Notes 12 and 19)	**7,381,816**	6,863,059
Investments and advances (Note 13)	**4,171,641**	3,747,462
Available-for-sale investments (Notes 14, 33 and 34)	**295,768**	268,598
Investment properties (Note 15)	**26,341**	28,302
Goodwill and other intangible assets (Note 16)	**434,586**	440,276
Deferred income tax assets - net (Note 27)	**31,303**	35,199
Other noncurrent assets (Note 17)	**157,328**	86,665
Total Noncurrent Assets	**12,498,783**	11,469,561
TOTAL ASSETS	**₱18,626,273**	₱16,591,359
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 18, 28, 29, and 33)	**₱3,104,537**	₱2,285,438
Income and withholding taxes payable	**65,517**	46,439
Due to stockholders (Notes 20, 29, and 33)	**11,570**	9,135
Current portion of long-term loans (Notes 19, 33 and 34)	**58,454**	29,255
Total Current Liabilities	**3,240,078**	2,370,267
Noncurrent Liabilities		
Long-term loans - net of current portion (Notes 19, 33 and 34)	**7,131,048**	6,729,591
Pension and other employee benefits (Note 28)	**33,813**	28,652
Deferred income tax liabilities - net (Note 27)	**142,554**	158,459
Other noncurrent liabilities	**118,383**	82,268
Total Noncurrent Liabilities	**7,425,798**	6,998,970
Total Liabilities	**10,665,876**	9,369,237

(Forward)

	December 31	
	2015	2014
Equity		
Capital stock (Note 20)	**₱4,865,146**	₱4,865,146
Additional paid-in capital	**40,783**	38,258
Other equity reserve (Note 20)	**34,913**	35,991
Unrealized fair value gains on available-for-sale investments (Note 14)	**101,478**	74,515
Remeasurement losses on defined benefit plan (Note 28)	**(2,735)**	(1,454)
Accumulated share in other comprehensive income of a joint venture (Note 13)	**(357)**	215
Retained earnings (Note 20)	**2,845,559**	2,128,208
Treasury shares (Note 5)	**(28,793)**	(28,793)
Total equity attributable to equity holders of Parent Company	**7,855,994**	7,112,086
Non-controlling interests (Note 31)	**104,403**	110,036
Total Equity	**7,960,397**	7,222,122
TOTAL LIABILITIES AND EQUITY	**₱18,626,273**	₱16,591,359

See accompanying Notes to Consolidated Financial Statements.

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Figures)

	Years Ended December 31		
	2015	2014 (As Restated - Note 3)	2013 (As Restated - Note 3)
REVENUES			
Revenue from sale of electricity (Notes 3 and 32)	**₱13,456,926**	₱10,741,307	₱9,739,354
Dividend income (Notes 14 and 29)	**8,797**	6,840	8,097
Rental income (Notes 15 and 29)	**4,447**	4,425	5,776
	13,470,170	10,752,572	9,753,227
COSTS AND EXPENSES			
Costs of sale of electricity (Notes 3, 22, 24, 25 and 29)	**11,813,442**	9,829,788	8,819,609
General and administrative expenses (Notes 23, 24 and 25)	**510,466**	386,134	349,166
	12,323,908	10,215,922	9,168,775
INTEREST AND OTHER FINANCE CHARGES (Note 26)	**(449,480)**	(170,969)	(13,936)
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES AND JOINT VENTURES (Note 13)	**372,214**	(2,616)	(61,699)
OTHER INCOME (LOSS) - NET (Note 26)	**45,823**	(49,556)	223,640
INCOME BEFORE INCOME TAX	**1,114,819**	313,509	732,457
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 27)			
Current	**221,436**	131,945	195,423
Deferred	**(12,469)**	1,174	(35,761)
	208,967	133,119	159,662
NET INCOME	**₱905,852**	₱180,390	₱572,795
Net Income (Loss) Attributable To:			
Equity holders of the Parent Company	**₱911,016**	₱182,591	₱572,795
Non-controlling interests (Note 31)	**(5,164)**	(2,201)	–
	₱905,852	₱180,390	₱572,795
Basic/Diluted Earnings Per Share (Note 30)	**₱0.19**	₱0.04	₱0.12

See accompanying Notes to Consolidated Financial Statements.

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Years Ended December 31		
	2015	2014	2013
NET INCOME FOR THE YEAR	**₱905,852**	₱180,390	₱572,795
OTHER COMPREHENSIVE INCOME (LOSS)			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods			
Net changes in the fair market value of AFS investments (Note 14)	**14,773**	(16,586)	(7,308)
Recycling of fair value change of certain quoted available-for-sale due to impairment and disposal (Note 14)	**12,424**	–	–
Income tax effect	**(234)**	(722)	1,005
	26,963	(17,308)	(6,303)
Share in other comprehensive income (loss) of a joint venture - net of deferred income tax (Note 13)	**(572)**	(4,473)	4,688
	26,391	(21,781)	(1,615)
Other comprehensive income (loss) not to be reclassified directly to retained earnings in subsequent periods			
Remeasurement gains (losses) on defined benefit plan (Note 28)	**(1,829)**	2,395	(1,072)
Income tax effect	**548**	376	322
	(1,281)	2,771	(750)
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR, NET OF TAX	**25,110**	(19,010)	(2,365)
TOTAL COMPREHENSIVE INCOME	**₱930,962**	₱161,380	₱570,430
Total Comprehensive Income (Loss) Attributable To:			
Equity holders of the Parent Company	**₱936,126**	₱163,581	₱570,430
Non-controlling interests (Note 31)	**(5,164)**	(2,201)	–
	₱930,962	₱161,380	₱570,430

See accompanying Notes to Consolidated Financial Statements.

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015, 2014 AND 2013
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company										
	Capital Stock (Note 20)	Additional Paid-in Capital	Other Equity Reserve (Note 20)	Unrealized Fair Value Gains on Available-for-Sale Investments (Note 14)	Remeasurement Losses on Defined Benefit Plan (Note 28)	Accumulated Share in Other Comprehensive Income of a Joint Venture	Retained Earnings (Note 20)	Treasury Shares (Note 5)	Total	Non-controlling Interests (Note 31)	Total Equity
BALANCES AT DECEMBER 31, 2014	**₱4,865,146**	**₱38,258**	**₱35,991**	**₱74,515**	**(₱1,454)**	**₱215**	**₱2,128,208**	**(₱28,793)**	**₱7,112,086**	**₱110,036**	**₱7,222,122**
Net income (loss)	–	–	–	–	–	–	**911,016**	–	**911,016**	**(5,164)**	**905,852**
Other comprehensive income (loss)	–	–	–	**26,963**	**(1,281)**	**(572)**	–	–	**25,110**	–	**25,110**
Total comprehensive income (loss)	–	–	–	**26,963**	**(1,281)**	**(572)**	**911,016**	–	**936,126**	**(5,164)**	**930,962**
Dividends declared (Note 20)	–	–	–	–	–	–	**(193,609)**	–	**(193,609)**	–	**(193,609)**
Equity-based compensation expense (Note 21)	–	–	**1,862**	–	–	–	–	–	**1,862**	–	**1,862**
Acquisition of non-controlling interest	–	–	**(415)**	–	–	–	**(56)**	–	**(471)**	**(469)**	**(940)**
Forfeiture of stock options (Note 21)	–	**2,525**	**(2,525)**	–	–	–	–	–	–	–	–
	–	**2,525**	**(1,078)**	–	–	–	**(193,665)**	–	**(192,218)**	**(469)**	**(192,687)**
BALANCES AT DECEMBER 31, 2015	**₱4,865,146**	**₱40,783**	**₱34,913**	**₱101,478**	**(₱2,735)**	**(₱357)**	**₱2,845,559**	**(₱28,793)**	**₱7,855,994**	**₱104,403**	**₱7,960,397**
BALANCES AT DECEMBER 31, 2013	₱4,863,863	₱35,573	₱32,025	₱91,823	(₱4,225)	₱4,688	₱2,132,405	(₱28,793)	₱7,127,359	₱–	₱7,127,359
Effect of property dividends payout (Note 20)	–	–	1,523	–	–	–	6,774	–	8,297	112,237	120,534
Net income (loss)	–	–	–	–	–	–	182,591	–	182,591	(2,201)	180,390
Other comprehensive income (loss)	–	–	–	(17,308)	2,771	(4,473)	–	–	(19,010)	–	(19,010)
Total comprehensive income (loss)	–	–	–	(17,308)	2,771	(4,473)	182,591	–	163,581	(2,201)	161,380
Dividends declared (Note 20)	–	–	–	–	–	–	(193,562)	–	(193,562)	–	(193,562)
Equity-based compensation expense (Note 21)	–	–	7,588	–	–	–	–	–	7,588	–	7,588
Issuance of stocks - stock option (Note 21)	1,283	2,358	(702)	–	–	–	–	–	2,939	–	2,939
Forfeiture of stock options (Note 21)	–	327	(327)	–	–	–	–	–	–	–	–
Share in expenses directly attributable to issuance of stocks of a joint venture (Note 13)	–	–	(4,116)	–	–	–	–	–	(4,116)	–	(4,116)
	1,283	2,685	2,443	–	–	–	(193,562)	–	(187,151)	–	(187,151)
BALANCES AT DECEMBER 31, 2014	₱4,865,146	₱38,258	₱35,991	₱74,515	(₱1,454)	₱215	₱2,128,208	(₱28,793)	₱7,112,086	₱110,036	₱7,222,122

	Attributable to the Equity Holders of the Parent Company											
	Capital Stock (Note 20)	Additional Paid-in Capital	Other Equity Reserve (Note 20)	Unrealized Fair Value Gains on Available-for-Sale Investments (Note 14)	Remeasurement Gains on Defined Benefit Plan (Note 28)	Accumulated Share in Other Comprehensive Income of a Joint Venture	Retained Earnings (Note 20)	Parent Company Shares of Stock Held by a Joint Venture	Treasury Shares (Note 5)	Total	Non-controlling Interests (Note 31)	Total Equity
BALANCES AT DECEMBER 31, 2012	₱4,857,259	₱24,026	₱27,376	₱84,985	(₱3,475)	₱13,141	₱1,936,987	(₱11,468)	₱–	₱6,928,831	₱–	₱6,928,831
Net income for the year	–	–	–	–	–	–	572,795	–	–	572,795	–	572,795
Other comprehensive income (loss)	–	–	–	(6,303)	(750)	4,688	–	–	–	(2,365)	–	(2,365)
Total comprehensive income (loss)	–	–	–	(6,303)	(750)	4,688	572,795	–	–	570,430	–	570,430
Dividends declared (Note 20)	–	–	–	–	–	–	(377,377)	–	–	(377,377)	–	(377,377)
Issuance of stocks - stock grant (Notes 20 and 21)	696	411	–	–	–	–	–	–	–	1,107	–	1,107
Equity-based compensation expense (Note 21)	–	–	12,280	–	–	–	–	–	–	12,280	–	12,280
Issuance of stocks - stock option (Note 21)	5,908	10,854	(3,233)	–	–	–	–	–	–	13,529	–	13,529
Forfeiture of stock options (Note 21)	–	282	(282)	–	–	–	–	–	–	–	–	–
Effect of business combination (Note 13)	–	–	–	13,141	–	(13,141)	–	11,468	(28,793)	(17,325)	–	(17,325)
Share in expenses directly attributable to issuance of stocks of a joint venture (Note 13)	–	–	(4,116)	–	–	–	–	–	–	(4,116)	–	(4,116)
	6,604	11,547	4,649	13,141	–	(13,141)	(377,377)	11,468	(28,793)	(371,902)	–	(371,902)
BALANCES AT DECEMBER 31, 2013	₱4,863,863	₱35,573	₱32,025	₱91,823	(₱4,225)	₱4,688	₱2,132,405	₱–	(₱28,793)	₱7,127,359	₱–	₱7,127,359

See accompanying Notes to Consolidated Financial Statements.

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱1,114,819**	₱313,509	₱732,457
Adjustments for:			
Interest and other finance charges (Note 26)	**449,480**	170,969	13,936
Depreciation and amortization (Notes 12, 15, 16, and 25)	**397,116**	161,410	99,137
Loss (gain) on derivatives - net (Notes 26 and 34)	**(18,048)**	35,220	(31,159)
Gain on pre-existing relationship (Note 5)	**–**	(8,724)	–
Equity-based compensation expense (Note 21)	**1,862**	7,588	12,280
Dividend income (Note 29)	**(8,797)**	(6,840)	(8,097)
Interest and other financial income (Note 26)	**(16,257)**	(6,113)	(14,541)
Equity in net losses (earnings) of associates and joint ventures (Note 13)	**(372,214)**	2,616	61,699
Gain on option fee (Note 26)	**(35,159)**	–	–
Gain on remeasurement of previously held investment (Notes 5 and 26)	**–**	–	(168,585)
Gain on bargain purchase (Notes 5 and 26)	**–**	–	(25,926)
Provisions for (reversals of):			
Loss on write-off of property, plant and equipment	**1,876**	**–**	**–**
Doubtful accounts (Notes 9 and 26)	**–**	33,365	17,680
Impairment loss on deferred exploration costs (Notes 16 and 26)	**–**	–	(12,874)
Impairment loss on available-for-sale investments (Notes 14 and 26)	**12,424**	–	49,697
Inventory obsolescence (Note 26)	**–**	–	487
Foreign exchange loss - net	**20,880**	1,135	(5,012)
Amortization of security deposit	**(737)**	–	–
Pension and other employee benefits	**12,850**	–	–
Gain on assignment of Mineral Production Sharing Agreement (Notes 16 and 26)	**–**	–	(37,934)
Loss (gain) on sale of:	**–**		
Available-for-sale investments (Note 26)	**18**	(404)	(622)
Property, plant and equipment (Note 26)	**3,284**	(505)	(336)
Operating income before working capital changes	**1,563,397**	703,226	682,287
Decrease (increase) in:			
Receivables	**(411,220)**	(289,921)	(1,758,623)
Fuel and spare parts - at cost	**(3,832)**	(64,462)	10,298
Other current assets	**(223,122)**	(438,775)	(170,126)
Increase (decrease) in accounts payable and other current liabilities	**789,410**	(816,035)	1,619,903
Net cash generated from (used in) operations	**1,714,633**	(905,967)	383,739
Income and withholding taxes paid	**(201,583)**	(127,940)	(209,113)
Net cash flows from (used in) operating activities	**1,513,050**	(1,033,907)	174,626

(Forward)

	Years Ended December 31		
	2015	2014	2013
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to (reductions in):			
Property, plant and equipment (Note 12)	**(₱835,406)**	(₱3,831,856)	(₱1,406,375)
Investments held for trading	**(551,561)**	–	–
Investments in associates (Note 13)	**–**	(18,722)	(53,250)
Advances in joint ventures (Note 13)	**(7,537)**	(491,000)	(1,184,000)
Deferred exploration costs (Note 16)	**(10,500)**	(21,001)	(11,197)
Available-for-sale investments	**(10,718)**	(759)	(292,253)
Short-term investments (Note 7)	**–**	339,640	1,503,986
Advances to associates	**(45,000)**	–	–
Acquisition of non-controlling interest	**(940)**	–	–
Acquisition of a subsidiary (Note 5)	**–**	(465,640)	(197,793)
Proceeds from:			
Sale and redemption of investments held for trading (Note 9)	**–**	100,664	461,473
Sale of available-for-sale investments (Note 14)	**11,491**	6,547	7,357
Sale of property, plant and equipment (Note 12)	**1,203**	1,241	1,188
Currency forward contracts (Note 31)	**–**	–	9,681
Receipt of option fee (Note 15)	**11,433**	–	–
Increase in other noncurrent assets	**(76,999)**	(116,217)	(12,389)
Settlement of currency forward contracts (Note 31)	**17,867**	(17,672)	–
Cash dividends received	**8,797**	6,840	8,097
Interest received	**3,401**	6,074	45,095
Net cash flows used in investing activities	**(1,484,469)**	(4,501,861)	(1,120,380)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from:			
Long-term loans (Note 19)	**480,000**	6,820,000	–
Short-term loans (Note 17)	**–**	1,670,000	910,000
Issuance of capital stock (Note 20)	**–**	2,939	17,869
Payments of:			
Short-term loans (Note 17)	**–**	(2,580,000)	–
Long-term loans (Note 19)	**(30,000)**	–	–
Cash dividends	**(193,609)**	(185,032)	(194,318)
Mortgage loan	**(1,411)**	–	–
Interest on long-term loans	**(450,587)**	(155,465)	(7,673)
Debt issuance costs (Note 19)	**(22,395)**	(59,199)	–
Finance leases	**(1,475)**	(62,281)	–
Decrease in due to stockholders	**2,435**	(69,525)	–
Increase (decrease) in pension and other employee benefits and other noncurrent liabilities	**24,064**	8,239	14,148
Net cash flows from(used in) financing activities	**(192,978)**	5,389,676	740,026
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(21,431)**	(329)	(13,875)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(185,828)**	(146,421)	(219,603)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**541,571**	687,992	907,595
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**₱355,743**	₱541,571	₱687,992

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in Thousands, Except When Otherwise Indicated)

1. Corporate Information and Status of Operations

Trans-Asia Oil and Energy Development Corporation (TA Oil or "the Parent Company"), incorporated on September 8, 1969, and its subsidiaries, Trans-Asia Power Generation Corporation (TA Power), CIP II Power Corporation (CIPP), Trans-Asia Renewable Energy Corporation (TAREC), Trans-Asia Gold and Minerals Development Corporation (TA Gold), Trans-Asia Wind Power Corporation (TAWPC), One Subic Power Generation Corporation (One Subic), Trans-Asia Petroleum Corporation (TA Petroleum) and Palawan55 Exploration & Production Corporation (Palawan55), collectively referred to as "the Company", were incorporated and registered with the Philippine Securities and Exchange Commission (SEC). The direct and ultimate parent company of TA Oil is Philippine Investment-Management (PHINMA), Inc., also incorporated in the Philippines. TA Oil is managed by PHINMA, Inc. under an existing management agreement (see Note 29).

The Parent Company is engaged in power generation and trading, oil and mineral exploration, development and production. The Parent Company has an Electricity Supply Agreement (ESA) with Guimaras Electric Cooperative, Inc. (Guimelco), the lone electricity distributor in the province of Guimaras using its 3.4 megawatt (MW) bunker C-fired diesel generator power station in the island. The Parent Company is also registered as a Wholesale Aggregator and is a licensed Retail Electricity Supplier (RES). The license authorizes the Parent Company to consolidate electricity power demand of distribution utilities, pursuant to the Electric Power Industry Reform Act of 2001 (EPIRA). As a RES, the Parent Company is allowed to supply electricity to the contestable market, pursuant to EPIRA. The other activities of the Parent Company are investments in various operating companies and in financial instruments.

On January 25, 2016, the Board of Directors of the Parent Company approved the amendment of its Articles of Incorporation to change the Parent Company's name to PHINMA Energy Corporation and to extend its corporate life for another 50 years from and after September 8, 2019, subject to approval by the stockholders and SEC.

TA Power was incorporated and registered with the SEC on March 18, 1996. TA Power is engaged in power generation. Previously, the Parent Company had a 50% interest in TA Power, a joint venture with Holcim Philippines, Inc. On January 1, 2013, the Parent Company entered into a Share Purchase Agreement with Holcim Philippines, Inc. (Holcim) for the purchase of Holcim's 50% stake in TA Power (see Note 5). In October 2006, the Philippine Electricity Market Corporation (PEMC) approved TA Power's application for registration as trading participant for both generation and customer categories in the Wholesale Electricity Spot Market (WESM). Both the Parent Company and TA Power obtained membership in the WESM which allows them to participate in electricity trading managed by PEMC, including selling of excess generation to the WESM. Effective December 26, 2013, TA Power entered into a Power Administration and Management Agreement (PAMA) valid for ten years with TA Oil for the administration and management by TA Oil of the entire capacity and net output of TA Power starting 2014. In addition to the fixed capacity, TA Oil is billed by TA Power for transmission and fuel cost.

CIPP was incorporated and registered with the SEC on June 2, 1998. CIPP is a utilities enterprise, the primary purpose of which is to develop and operate a power supply and distribution system at Carmelray Industrial Park II (CIP II) Special Economic Zone in Calamba, Laguna. In April 2009, CIPP sold its distribution assets to Manila Electric Company (MERALCO) resulting in the cessation of CIPP's operations. Substantially all of its employees were separated effective January 31, 2010. On February 22, 2010 and March 24, 2010, the Board of Directors (BOD) and stockholders, respectively, of the Parent Company approved the proposed merger of the Parent Company and CIPP subject to the approval by the SEC. In December 2010, CIPP's BOD approved the transfer of its 21MW bunker C-fired power plant from Laguna to Barangay Quirino, Bacnotan, La Union which was completed in 2012. In 2013, CIPP and TA Oil entered into a PAMA valid for ten years for the latter's administration and management of the entire capacity and net output of CIPP. As at February 23, 2016, the Parent Company and CIPP have not filed their application for merger with the SEC and have deferred their plan for merger.

TAREC was incorporated and registered with the SEC on September 2, 1994. It was established with the primary purpose of developing and utilizing renewable energy and pursuing clean and energy-efficient projects. On May 20, 2013, the Philippine Department of Energy (DOE) has confirmed the Declaration of Commerciality of TAREC's 54 MW Wind Power project in San Lorenzo, Guimaras under Wind Energy Service Contract (WESC) No. 2009-10-009. During 2013, the DOE confirmation affirmed the conversion of said WESC from Pre-development to Development/ Commercial Stage. On October 7, 2014, the 54 MW Wind Power project started delivering power to the grid from the commissioning operations of the first three (3) units of wind turbine generators. On February 16, 2015, the Company received from the DOE the confirmation of start of Commercial Operations of its 54 MW San Lorenzo Wind Project declared on December 27, 2014. On June 10, 2015, the Company received its Certificate of Endorsement for Feed-In Tariff (FIT) from the DOE certifying that its 54 MW San Lorenzo Wind Project has fully qualified under the FIT System.

TA Petroleum was incorporated and registered with the SEC on September 28, 1994. TA Petroleum is engaged in oil exploration and well development. On November 28, 2012, the SEC approved the increase in authorized capital stock of TA Petroleum from ₱40 million divided into 4 billion shares with a par value of ₱0.01 per share to ₱1 billion divided into 100 billion shares with a par value of ₱0.01 per share. It also approved the change in its name and primary purpose of TA Petroleum from power generation to oil and gas exploration and production. TA Petroleum was registered with the Philippine Stock Exchange on August 28, 2014. As at February 23, 2016, TA Petroleum has not started commercial operations.

TA Gold was incorporated and registered with the SEC on July 2, 2007 to primarily engage in the business of mining and mineral exploration within the Philippines and other countries. On February 16, 2009, the BOD approved the suspension of exploration activities of TA Gold effective March 31, 2009. As at February 23, 2016, TA Gold's exploration activities remain suspended.

Palawan55 was incorporated and registered with the SEC on November 16, 2012. Palawan55 is engaged in the development and utilization of crude oil, natural gas, natural gas liquids and other form of petroleum. As at February 23, 2016, Palawan55 has not started commercial operations.

TAWPC was incorporated and registered with the SEC on July 26, 2013. Its primary purpose is to construct, develop, own, operate, manage, repair and maintain wind power generation plants, to generate electricity from such power plants and to market and sell the electricity produced thereby.

On August 22, 2013, TAREC assigned its 100% equity interest in TAWPC to the Parent Company. As a result of the assignment, TAWPC became a wholly owned subsidiary of the Parent Company. As at February 23, 2016, TAWPC has not started commercial operations.

On June 29, 2011, the Parent Company entered into a 50-50 joint venture agreement with AC Energy Holdings, Inc. (AC Energy) to form South Luzon Thermal Energy Corporation (SLTEC), the primary purpose of which is to generate, supply and sell electricity to the public through the operation of a 135 MW coal fired power plant in Calaca, Batangas. SLTEC was incorporated on July 29, 2011. The construction, testing and commissioning of the first unit of SLTEC Circulating Fluidized Bed Coal-fired Power Plant was completed during the first half of 2015 and started its commercial operations on April 24, 2015. As at February 23, 2016, the Unit 2 of the power plant is currently under testing and commissioning phase and is expected to be operational by the 1st quarter of 2016.

The Parent Company has 50% interest in ACTA Power Corporation (ACTA), a joint venture with AC Energy. ACTA is engaged in the business of owning, developing, constructing, operating and maintaining power generation facilities as well as generation and sale of electricity. ACTA was incorporated on February 9, 2012 and it has not started commercial operations as at February 23, 2016.

One Subic was incorporated and registered with the SEC on August 4, 2010 to engage in the business of owning, constructing, operating, developing and maintaining all types of power generation plants. It started its operations on February 17, 2011. On May 12, 2014, TA Power purchased from Udenna Energy Corporation (UDEC) the entire outstanding shares of stock of One Subic. Prior to the acquisition, One Subic used to be a wholly owned subsidiary of UDEC, a company incorporated and domiciled in the Philippines.

The registered office address of the Parent Company is Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City.

The consolidated financial statements of the Company were authorized for issuance by the Parent Company's BOD on February 23, 2016.

2. Basis of Preparation and Consolidation

Basis of Preparation

The consolidated financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

The consolidated financial statements have been prepared on a historical cost basis, except for investments held for trading, derivative financial instruments, and available-for-sale (AFS) investments that have been measured at fair value. The consolidated financial statements are presented in Philippine peso which is the Parent Company's functional and presentation currency. All values are rounded off to the nearest thousands (000), except par values, per share amounts, number of shares and when otherwise indicated.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2015 and 2014. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

- power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);

- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Company and to the non-controlling interests (NCI), even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Parent Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Company loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, NCI and other components of equity while any resultant gain or loss is recognized in the consolidated statement of income. Any investment retained is recognized at fair value.

Non-controlling interests represent the interests in the subsidiaries not held by the Parent Company, and are presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position, separately from equity attributable to holders of the Parent Company. Non-controlling interests share in losses even if the losses exceed the non-controlling equity interest in the subsidiary.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries:

		Percentage of Ownership (%)			
		2015		2014	
	Principal Activities	**Direct**	**Indirect**	Direct	Indirect
TA Power	Power generation	**100.00**	**–**	100.00	–
CIPP	Power generation	**100.00**	**–**	100.00	–
TAREC	Renewable energy generation	**100.00**	**–**	100.00	–
TA Gold	Mineral exploration	**100.00**	**–**	100.00	–
TAWPC	Renewable energy generation	**100.00**	**–**	100.00	–
One Subic	Power generation	**–**	**100.00**	–	100.00
TA Petroleum	Oil and gas exploration	**50.74**	**0.40**	50.74	0.23
Palawan55	Oil and gas exploration	**30.65**	**35.46**	30.65	35.34

3. **Summary of Significant Accounting Policies and Disclosures**

Change in the Presentation of Revenues and Costs from Sale of Electricity
In 2015, the Company presented revenues from sale of power purchased as a gross amount and recorded the same as part of revenue from sale of electricity. Costs of the power purchased are then presented and included as part of costs of sale of electricity which is a separate line item in the cost and expense section in the consolidated statement of income. Prior to 2015, revenues from sale of power purchased were reported net of the related cost and presented as "Trading revenue - net" in the consolidated statement of income. This change was made to reflect more clearly the arrangements under its various sales agreements whereby the Company purchases electricity for its own account.

The Company accounted for the change retroactively and accordingly restated the comparative consolidated statements of income. The change is to presentation only, and it has no impact on the Company's consolidated net income, earnings per share, cash flows or statement of financial position. The Company's consolidated revenues increased by P9,045 million and P7,736 million for the years ended December 31, 2015 and 2014, respectively, with a corresponding increase in costs of sale of electricity.

Likewise, revenues arising from sale of electricity generated by the power plants were also included under revenue from sale of electricity and the related power generation cost were also included under costs of sale of electricity. Previously, these were presented under generation revenues and cost of power generation. The change is only to the account title for revenue and cost accounts and does not affect the amounts recorded in the books.

Changes in Accounting Policies and Disclosures
The accounting policies adopted were consistent with those of the previous financial year, except for the adoption of the following amendments and improvements to the Philippine Accounting Standards (PAS) which became effective for annual periods beginning on or after January 1, 2015. The adoption of these amendments and improvements did not have significant impact on the Company's financial statements.

- Amendments to PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contribution*
- Annual Improvements to PFRS (2010-2012 Cycle)

    - PFRS 2, *Share-based Payment - Definition of Vesting Condition*
    - PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
    - PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
    - PAS 16, *Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation,* and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Amortization*
    - PFRS 24, *Related Party Disclosures - Key Management Personnel*

- Annual Improvements to PFRS (2011-2013 cycle)

    - PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangement*
    - PFRS 13, *Fair Value Measurement - Portfolio Exception*
    - PAS 40, *Investment Property*

Future Changes in Accounting Policies

The Company will adopt the following standards and interpretations enumerated below when these become effective.

Effective January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)

  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment, and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Company's financial statements as the Company has not used a revenue-based method to depreciate its noncurrent assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments)

  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. The amendments are not applicable to the Company as it does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures, and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Company's consolidated financial statements.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)

  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Company.

- PFRS 14, *Regulatory Deferral Accounts*

  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. The standard is not applicable to the Company since it is an existing PFRS preparer.

- PFRS 10, PFRS 12 and PAS 28 - *Investment Entities: Applying the Consolidation Exception* (Amendments)

  These amendments clarify that the exemption in PFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity (IE) that measures all of its subsidiaries at fair value and that only a subsidiary of an IE that is not an IE itself and that provides support services to the IE parent is consolidated. The amendments also allow an investor (that is not an IE and has an IE associate or joint venture), when applying the equity method, to retain the fair value measurement applied by the IE associate or joint venture to its interests in subsidiaries. These amendments are effective from annual periods beginning on or after January 1, 2016. These amendments will not have any impact on the Company's consolidated financial statements since none of the entities within the Company is an IE nor does the Company have IE associates or joint venture.

- PAS 1, *Presentation of Financial Statements - Disclosure Initiative* (Amendments)

  The amendments are intended to assist entities in applying judgment when meeting the presentation and disclosure requirements in PFRS. The amendments clarify the following:

  - That entities shall not reduce the understandability of their financial statements by either obscuring material information with immaterial information; or aggregating material items that have different natures or functions;

- That specific line items in the statement of income and OCI and the statement of financial position may be disaggregated;
- That entities have flexibility as to the order in which they present the notes to financial statements;
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Early application is permitted and entities do not need to disclose that fact as the amendments are considered to be clarifications that do not affect an entity's accounting policies or accounting estimates. The Company is currently assessing the impact of these amendments on its consolidated financial statements.

- Annual Improvements to PFRS (2012-2014 cycle)

These improvements to the following standards and interpretations are effective for annual periods beginning on or before January 1, 2016 and are not expected to have a material impact on the Company's consolidated financial statements.

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*

The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification.

- PFRS 7, *Financial Instruments: Disclosures - Servicing Contracts*

PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*

This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report.

- PAS 19, *Employee Benefits - Regional Market Issue Regarding Discount Rate*

  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

- PAS 34, *Interim Financial Reporting - Disclosure of Information 'Elsewhere in the Interim Financial Report'*

  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report).

Effective January 1, 2018

- PFRS 9, *Financial Instruments*

  In July 2014, the International Accounting Standards Board (IASB) issued the final version of PFRS 9, *Financial Instruments*. The new standard (renamed as PFRS 9) reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement,* and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. Early application of previous versions of PFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before February 1, 2015. The Company did not early adopt PFRS 9.

  The adoption of PFRS 9 is not expected to have any significant impact on the Company's consolidated financial statements.

No definite adoption date prescribed by the SEC and Financial Reporting Standards Council (FRSC)

- Philippine Interpretation of International Financial Reporting Interpretations Committee (IFRIC) Interpretation 15, *Agreements for the Construction of Real Estate*

  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The interpretation requires that revenue on construction of real estate be recognized only upon completion, except when such contract qualifies as construction contract to be accounted for under PAS 11 or involves rendering of services in which case revenue is recognized based on stage of completion. Contracts involving provision of services with the construction materials and where the risks and rewards of ownership are transferred to the buyer on a continuous basis will also be accounted for based on stage of completion. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. The interpretation will not be applicable to the Company.

In addition, the IASB has issued the following new standards that have not yet been adopted locally by the SEC and FRSC. The Company is currently assessing the impact of these new standards and plans to adopt them in their required effective dates once adopted locally.

- International Financial Reporting Standards (IFRS) 15, *Revenue from Contracts with Customers*

  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after January 1, 2018 with early adoption permitted.

- IFRS 16, *Leases*

  On January 13, 2016, the IASB issued its new standard, IFRS 16, *Leases*, which replaces International Accounting Standards (IAS) 17, the current leases standard, and the related Interpretations.

  Under the new standard, lessees will no longer classify their leases as either operating or finance leases in accordance with IAS 17. Rather, lessees will apply the single-asset model. Under this model, lessees will recognize the assets and related liabilities for most leases on their statement of financial position, and subsequently, will depreciate the lease assets and recognize interest on the lease liabilities in their statement of income. Leases with a term of 12 months or less or for which the underlying asset is of low value are exempted from these requirements.

  The accounting by lessors is substantially unchanged as the new standard carries forward the principles of lessor accounting under IAS 17. Lessors, however, will be required to disclose more information in their financial statements, particularly on the risk exposure to residual value.

  The new standard is effective for annual periods beginning on or after January 1, 2019. Entities may early adopt IFRS 16 but only if they have also adopted IFRS 15, *Revenue from Contracts with Customers*. When adopting IFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

Business Combinations and Goodwill
Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the Company elects whether to measure the NCI in the acquiree at fair value or at the proportionate share of the acquiree's identifiable assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statement of income.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39, *Financial Instruments: Recognition and Measurement*, is measured at fair value with changes in fair value recognized in the consolidated statement of income. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with the appropriate PFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for NCI) and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (CGU) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the CGU retained.

Business Combination Involving Entities Under Common Control
Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are combined and reflected at their carrying amounts reported in the Company's consolidated statement of financial position. The consolidated statement of income, comprehensive income and cash flows reflect the result of the combining entities in full, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date entities had been under common control.

The assignment of shares of stocks of TAWPC by TAREC to the Parent Company in 2013 is considered as a reorganization and was accounted for at historical cost in a manner similar to pooling of interests method (see Note 1). Under the pooling of interests method of accounting, the results of operations and cash flows of the Parent Company and its subsidiaries are combined from the beginning of the financial period in which the acquisition occurred and their assets and liabilities are combined at the amounts at which they were previously recorded at the Company's consolidated financial statements as if they had been part of the group for the whole of the current and preceding periods.

Current versus Noncurrent Classification
The Company presents assets and liabilities in consolidated statement of financial position based on current/noncurrent classification. An asset is current when it is:

- expected to be realized or intended to be sold or consumed in normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when:

- it is expected to be settled in normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as noncurrent.

Deferred income tax assets and liabilities are classified as noncurrent assets and liabilities.

Cash and Cash Equivalents
Cash and cash equivalents in the consolidated statement of financial position comprise cash in banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Short-term Investments
Short-term investments represent investments that are readily convertible to known amounts of cash with original maturities of more than three months to one year.

Fair Value Measurement
The Company measures financial instruments at fair value at each reporting date. Fair value related disclosures for financial instruments and non-financial assets that are measured at fair value or where fair values are disclosed, are summarized in the following notes:

- Disclosures for significant estimates and assumptions, see Note 4
- Quantitative disclosures of fair value measurement hierarchy, see Note 34
- Investment properties, see Note 15
- Financial instruments (including those carried at amortized cost), see Note 34

Fair value is the estimated price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the consolidated financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

“Day 1” Difference

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Company recognizes the difference between the transaction price and fair value (a “Day 1” difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing the “Day 1” difference amount.

Financial Instruments - Initial Recognition and Subsequent Measurement
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets
Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss (FVPL), loans and receivables, held-to-maturity (HTM) investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at FVPL, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at FVPL
- Loans and receivables
- HTM investments
- AFS financial assets

a. *Financial assets at FVPL*

Financial assets at FVPL include financial assets held for trading and financial assets designated upon initial recognition at FVPL. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by PAS 39.

Net changes in fair value relating to the held-for-trading positions are recognized in the consolidated statement of income as gain or loss on changes in fair value of investment held for trading under “Interest and other financial income” included in “Other income (loss) - net” account. Interest and other financial income or charges are recorded when earned or incurred, respectively, while dividend income is recorded when the right to receive payment has been established.

The Company has no financial asset designated at FVPL on initial recognition.

The Company’s investments in unit investment trust funds (UITFs) are classified as financial assets held for trading (see Notes 8 and 34).

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at FVPL. These embedded derivatives are measured at fair value with changes in fair value recognized in consolidated statement of income. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

The Company enters into short-term forward currency contracts to hedge its currency exposure. Derivative instruments are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated, and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative. The Company has opted not to designate its derivative transactions under hedge accounting. Consequently, gains and losses from changes in fair value of these derivatives are recognized immediately in the consolidated statement of income.

The fair values of freestanding forward currency transactions are calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The Company's derivative asset, included under "Other current assets" in the consolidated statement of financial position, is classified as financial asset at FVPL (see Notes 11 and 34).

b. *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization and loss arising from impairment are included in "Other income (loss) - net" in the consolidated statement of income.

The Company's cash and cash equivalents, short-term investments, receivables and refundable deposits are classified as loans and receivables (see Notes 6, 7, 9, 17 and 34).

c. *HTM investments*

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortized cost using the EIR, less impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization and loss arising from impairment are included in "Other income (loss) - net" in the consolidated statement of income.

The Company did not classify any financial asset under HTM investments.

d. *AFS financial assets*

AFS financial assets include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at FVPL. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized in OCI and credited in the AFS reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in the consolidated statement of income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the consolidated statement of income.

Interest earned while holding AFS financial assets is reported as interest income using the EIR method.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortized cost and any previous gain or loss on the asset that has been recognized in equity is amortized to the consolidated statement of income over the remaining life of the investment using the EIR. Any difference between the new amortized cost and the maturity amount is also amortized over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement of income.

The Company's investments in listed and unlisted equity securities and golf club shares are classified as noncurrent AFS investments (see Notes 14 and 34).

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the Company's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset; or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of Financial Assets
Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions, see Note 3
- Trade receivables, see Notes 9 and 33
- AFS investments, see Notes 14 and 33
- Financial assets, see Note 33

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortized Cost
For financial assets carried at amortized cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognized are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognized in the consolidated statement of income. Interest income, recorded under "Other income (loss) - net" account in the consolidated statement of income, continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realized or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to "Other income (loss) - net" account in the consolidated statement of income.

Assets Carried at Cost
If there is objective evidence that an impairment loss on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS Financial Assets
For AFS financial assets, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of income, is removed from OCI and recognized in the consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income; increases in their fair value after impairment are recognized in OCI.

The determination of what is 'significant' or 'prolonged' requires judgment. In making this judgment, the Company evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated statement of income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of "Other income (loss) - net" account in the consolidated statement of income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Financial Liabilities

Initial Recognition and Measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include accounts payable and other current liabilities (excluding statutory payables), due to stockholders, short-term and long-term loans and other noncurrent liabilities including derivative liabilities.

Subsequent Measurement
The measurement of financial liabilities depends on their classification, as described below:

a. *Financial liabilities at FVPL*

Financial liabilities at FVPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by PAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the consolidated statement of income.

Financial liabilities designated upon initial recognition at FVPL are designated at the initial date of recognition, and only if the criteria in PAS 39 are satisfied. The Company has not designated any financial liability as at FVPL.

The Company's derivative liabilities, included under "Accounts payable and other current liabilities" in the consolidated statement of financial position, are classified as financial liabilities at FVPL (see Notes 18 and 34).

b. *Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method.

Gains and losses are recognized in the consolidated statement of income when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in "Other income (loss) - net" account in the consolidated statement of income.

The Company's accounts payable and other current liabilities (excluding derivative liabilities and statutory payables), due to stockholders, short-term and long-term loans and other noncurrent liabilities are classified as loans and borrowings (see Notes 18, 19, 29 and 34).

Debt issue Costs
Debt issue costs are deducted against long-term debt and are amortized over the terms of the related borrowings using the effective interest method.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting of Financial Instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

There is no offsetting of financial assets and financial liabilities and any similar arrangements that are required to be disclosed in the consolidated financial statements as at December 31, 2015 and 2014.

Fuel and Spare Parts
Fuel and spare parts are stated at the lower of cost or net realizable value (NRV). Cost is determined using the first-in, first-out method. NRV is the current replacement cost of fuel and spare parts.

Property, Plant and Equipment
Property, plant and equipment, except land, is stated at cost, net of accumulated depreciation and impairment losses. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of income as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings and improvements	20–25 years
Machinery and equipment	9–25 years
Wells, platforms and other facilities	10 years
Transportation equipment	3–5 years
Mining and other equipment	10 years
Office furniture, equipment and others	3–10 Years

The useful lives and depreciation method are reviewed periodically to ensure that the periods and methods of depreciation are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated property, plant and equipment are retained in the accounts until they are no longer in use and no further depreciation is charged to current operations.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of income when the asset is derecognized.

The residual values and useful lives of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Construction in progress is stated at cost. This includes cost of construction and other direct costs. Construction in progress is not depreciated until such time as the relevant assets are completed and put into operational use.

<u>Leases</u>
The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A reassessment is made after the inception of the lease, if any, if the following applies:

a) there is a change in contractual terms, other than a renewal or extension of the arrangement;
b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
c) there is a change in the determination of whether fulfillment is dependent on a specified asset; or
d) there is substantial change to the asset.

Where the reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c), or (d) above, and at the date of renewal or extension period for scenario (b).

The Company determines whether arrangements contain a lease to which lease accounting must be applied. The costs of the agreements that do not take the legal form of a lease but convey the right to use an asset are separated into lease payments if the entity has the control of the use or access to the asset, or takes essentially all of the outputs of the asset. The said lease component for these arrangements is then accounted for as finance or operating lease.

Company as a Lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as “Other income (loss) - net” in the consolidated statement of income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognized as “Rent expense” included under “Costs of sale of electricity” or “General and administrative expenses” in the consolidated statement of income on a straight-line basis over the lease term.

Company as a Lessor
Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Foreign Currency Denominated Transactions and Balances
Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognized in the consolidated statement of income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or in the consolidated statement of income are also recognized in OCI or in the consolidated statement of income, respectively).

Interest in Joint Arrangements
PFRS defines a joint arrangement as an arrangement over which two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (being those that significantly affect the returns of the arrangement) require unanimous consent of the parties sharing control.

Joint Operations
A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities and share in the revenues and expenses relating to the arrangement.

The Company's service contracts (SC), composing of oil and gas and geothermal SCs, are all under exploration stage, thus, the Company recognizes its share of the related exploration expenses as it is billed through cash calls.

Investments in Associates and Joint Ventures
An associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Company's investments in its associate and joint venture are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Company's share of net assets of the associate or joint venture since the acquisition date.

Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The consolidated statement of income reflects the Company's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Company's OCI. In addition, when there has been a change recognized directly in the equity of the associate or joint venture, the Company recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Company's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of income outside operating profit and represents profit or loss after tax and NCI in the subsidiaries of the associate or joint venture.

If the Company's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Company discontinues recognizing its share of further losses.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. When necessary, adjustments are made to bring the accounting policies in line with those of the Company.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on its investment in its associate or joint venture. At each reporting date, the Company determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognizes the loss as "Equity in net losses of associates and joint ventures" in the consolidated statement of income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Company measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

Investment Properties
Investment properties are carried at cost, including transaction costs, net of accumulated depreciation. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Depreciation is calculated on a straight-line basis over the estimated useful life of 20 years.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the consolidated statement of income in the period of derecognition.

Transfers are made to (or from) investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

Leasehold Rights
Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in the consolidated statement of income in the period in which the expenditure is incurred. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of income in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the consolidated statement of income when the asset is derecognized.

The useful lives of leasehold rights are assessed as finite. Leasehold rights are amortized on a straight-line basis based on the term in the facility lease agreement. The amortization expense on leasehold rights are recognized as “Depreciation and amortization” under “Costs of sale of electricity” in the consolidated statement of income.

Deferred Exploration Costs
The Company follows the full cost method of accounting for exploration costs determined on the basis of each SC area. Under this method, all exploration costs relating to each SC are tentatively deferred pending the determination of whether the contract area contains oil and gas reserves in commercial quantities, net of any allowance for impairment losses.

Expenditures for mineral exploration and development work on mining properties are also deferred as incurred, net of any allowance for impairment losses. These expenditures are provided with an allowance when there are indications that the exploration results are negative. These are written off against the allowance when the projects are abandoned or determined to be definitely unproductive. When the exploration work results are positive, the net exploration costs and subsequent development costs are capitalized and amortized from the start of commercial operations.

Impairment of Non-financial Assets
The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in the consolidated statement of income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognized impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

The following assets have specific characteristics for impairment testing:

Property, Plant and Equipment and Investment Properties
For property, plant and equipment and investment properties, the Company assesses for impairment on the basis of impairment indicators such as evidence of internal obsolescence or physical damage.

Investments in Associates and Joint Ventures
The Company determines at the end of each reporting period whether there is any objective evidence that the investments in associates and interests in joint ventures are impaired. If this is the case, the amount of impairment is calculated as the difference between the recoverable amount of the investments in associates and joint ventures, and its carrying amount.

Goodwill
Goodwill is tested for impairment annually and more frequently when circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods.

Leasehold Rights
Intangible assets with finite useful lives are tested for impairment when circumstances indicate that the carrying value may be impaired.

Deferred Exploration Costs
Deferred exploration costs are assessed for impairment when:

- the period for which the Company has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the Company has decided to discontinue such activities in the specific area; or
- sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

When facts and circumstances suggest that the carrying amount exceeds the recoverable amount, impairment loss is measured, presented and disclosed in accordance with PAS 36. The amount of impairment loss is recognized in the consolidated statement of income.

<u>Provisions</u>
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as “Other income (loss) - net” account in the consolidated statements of income.

<u>Asset Retirement Obligation</u>
The Company is legally required under a lease agreement to dismantle certain machinery and equipment and restore the leased site at the end of the lease contract term. The Company recognizes the fair value of the liability for this obligation and capitalizes the present value of these costs as part of the balance of the related property, plant and equipment accounts, which are being depreciated on a straight-line basis over the shorter of the useful life of the related asset or the lease term. The liability is subsequently carried at amortized cost using the EIR method with the related interest expense recognized in the consolidated statement of income.

Pensions and Other Post-employment Benefits

Defined Benefit Plan
The Company operates separate and distinct retirement plans for TA Oil, TA Power and CIPP, which requires contributions to be made to a separately administered fund. Other entities are covered by Republic Act 7641, otherwise known as "The Philippine Retirement Law", which provides for qualified employees to receive a defined benefit minimum guarantee. The defined benefit minimum guarantee is equivalent to a certain percentage of the monthly salary payable to an employee at normal retirement age with the required credited years of service based on the provisions of R.A. 7641. The cost of providing benefits is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the consolidated statement of financial position with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to the consolidated statement of income in subsequent periods.

Past service costs are recognized in the consolidated statement of income on the earlier of:

- The date of the plan amendment or curtailment; or
- The date that the Company recognizes related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognizes the following changes in the net defined benefit obligation under "Costs of sale of electricity" and "General and administration expenses" in the consolidated statement of income:

- Service costs comprising current service costs, past service costs, gains and losses on curtailments and non-routine settlements
- Net interest expense or income

Employee Leave Entitlement
Employee entitlements to annual leave are recognized as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the annual reporting period is recognized for services rendered by employees up to the end of the reporting period.

Capital Stock
Capital stock represents the portion of the paid-in capital representing the total par value of the shares issued.

Stock Options
Stock option grants are accounted for in accordance with PFRS 2, that is, the cost of stock option awards are measured by reference to the fair value at the date on which they are granted. The fair value is determined using the binomial method. The cost of such awards is recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award. The cumulative expense that is recognized at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of

the number of equity instruments that will ultimately vest. The charge or credit to the consolidated statement of income for a period represents the movement in cumulative expense recognized as at the beginning and end of the period.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where the terms of the award are modified, the minimum expense recognized is the expense if the terms had not been modified. An additional expense is recognized for any modification, which increases the total fair value of the share based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where the stock option is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognized for the award is recognized immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the preceding paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the

computation of diluted earnings per share (EPS).

Additional Paid-in Capital (APIC)
APIC represents the amount paid in excess of the par value of the shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax.

Treasury Shares
Own equity instruments that are reacquired (treasury shares) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of income on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized in APIC. Share options exercised during the reporting period are satisfied with treasury shares.

Other Equity Reserve
Other equity reserves are made up of equity transactions other than capital contributions such as share in equity transactions of associates and joint ventures and share-based payment transactions.

Retained Earnings
Retained earnings include all current and prior period results of operations as reported in the consolidated statement of income, net of any dividend declaration.

Cash Dividend and Non-cash Dividend to Equity Holders of the Parent Company
The Company recognizes a liability to make cash or non-cash distributions to equity holders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. A corresponding amount is recognized directly in equity.

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking

into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognized.

Sale of Electricity
Sale of electricity is consummated whenever the electricity generated by the Company is transmitted through the transmission line designated by the buyer, for a consideration. Revenue from sale of electricity is based on sales price. Sale of electricity using bunker fuel plants is composed of generation fees from spot sales to the WESM and ESAs with third parties and is recognized monthly based on the actual energy delivered.

Starting on December 27, 2014, sales of electricity using wind is based on the FIT rate under FIT System to the WESM and is recognized monthly based on the actual energy delivered. Prior to this date, this was based on the spot rate.

Meanwhile, revenue from sale of electricity through ancillary services to the National Grid Corporation of the Philippines (NGCP) is recognized monthly based on the capacity scheduled and/or dispatched and provided. Revenue from sale of electricity through Retail Supply Contract (RSC) is composed of generation charge from monthly energy supply with various contestable customers and is recognized monthly based on the actual energy delivered. The basic energy charges for each billing period are inclusive of generation charge and retail supply charge.

Equity in Net Earnings (Losses) of Associates and Joint Ventures
The Company recognizes its share in the net income or loss of associates and joint ventures proportionate to the equity in the economic shares of such associates, in accordance with the equity method.

Dividend
Dividend income is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest
Income is recognized as the interest accrues, taking into account the effective yield on the asset.

Rental Income
Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of income due to its operating nature.

Other Income
Other income is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Company through an increase in asset or reduction in liability that can be measured reliably.

Costs and Expenses
Costs and expenses are recognized when incurred.

Taxes

Current Income Tax
Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the consolidated statement of income.

Deferred Income Tax
Deferred income tax is provided using the balance sheet liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred income tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets are recognized for all deductible temporary differences, including carryforward benefits of unused net operating loss carryover (NOLCO) and excess MCIT over RCIT which can be deducted against future RCIT due to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences and carryforward benefits of unused tax credits from unused NOLCO can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred income tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognized subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognized in the consolidated statement of income.

Creditable Withholding Taxes
Creditable withholding taxes represent amounts withheld by the Company's customers and is deducted from the Company's income tax payable.

Value-added Tax (VAT)
Expenses and assets are recognized net of the amount of VAT, except:

- When the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable; and
- When receivables and payables are stated with the amount of VAT included

The amount of VAT recoverable from the taxation authority is recognized as "Input VAT" under "Other current assets", while VAT payable to taxation authority is recognized as "Output VAT" under "Accounts payable and other current liabilities" in the consolidated statement of financial position.

Earnings Per Share (EPS)
Basic EPS is computed based on weighted average number of issued and outstanding common shares during each year after giving retroactive effect to stock dividends declared during the year. Diluted EPS is computed as if the stock options were exercised as at the beginning of the year and as if the funds obtained from exercise were used to purchase common shares at the average market price during the year. Outstanding stock options will have a dilutive effect under the treasury stock method only when the fair value of the underlying common shares during the period exceeds the exercise price of the option. Where the outstanding stock options have no dilutive effect and the Company does not have any potential common share nor other instruments that may entitle the holder to common shares, diluted EPS is the same as basic EPS.

Segment Reporting
The Company's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products. Financial information on business segments is presented in Note 35 to the consolidated financial statements.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements but are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but disclosed when an inflow of economic benefits is probable.

Events After the Reporting Period
Post year-end events that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the consolidated financial statements. Post year-end events that are not adjusting events are disclosed in the notes to consolidated financial statements when material.

4. Significant Accounting Judgments, Estimates and Assumptions

The Company's consolidated financial statements prepared in conformity with PFRS require management to make judgments, estimates and assumptions that affect amounts reported in the consolidated financial statements. In preparing the Company's consolidated financial statements, management has made its best estimates and judgments of certain amounts, giving due consideration to materiality. The judgments, estimates and assumptions used in the consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements. Actual results could differ from such estimates.

The Company believes the following represents a summary of these significant judgments and estimates and related impact and associated risks in its consolidated financial statements.

Judgments

Determination of Functional Currency
Based on the economic substance of the underlying circumstances relevant to the Company, the functional currency of the Company has been determined to be the Philippine peso. The Philippine peso is the currency of the primary economic environment in which the Company operates. It is the currency that mainly influences the sale and cost of producing electricity.

Determination of Whether an Arrangement Contains a Lease and Classification of Leases
Under TA Oil's ESA with Guimelco and with Holcim, TA Oil sells all of its output to Guimelco and sells all or substantially all of its output to Holcim (see Note 32). The Company has evaluated the arrangements and the terms of the ESA and determined that the agreements do not qualify as leases. Accordingly, fees billed to Guimelco and Holcim are recognized as revenue from sale of electricity.

Under TA Oil's Power Purchase Agreement (PPA) with SLTEC and MGI, TA Oil agreed to purchase all of SLTEC and MGI's output (see Note 32). The Company has evaluated the arrangements and the terms of the PPA and determined that the agreement does not qualify as lease. Accordingly, fees paid to SLTEC and MGI are recognized as costs of sale of electricity.

The Company also entered into various easements and right of way agreements with various land owners to support the erection of transmission lines to be used to connect its 54 MW Wind Farm Project in Guimaras. These agreements contain a lease as the arrangements convey the right to use the item and TAREC has control over the utility of the asset.

Classification of Leases - the Company as Lessee
The Company exercises judgment in determining whether substantially all the significant risks and rewards of ownership of the leased assets are transferred to the Company. Lease contracts, which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased items are classified as finance leases. Otherwise, they are considered as operating leases.

The Company has entered into a lease contract with Guimelco for a parcel of land used only as a site for electric generating plant and facilities, where it has determined that the risks and rewards related to the properties are retained with the lessor (e.g., no bargain purchase option and transfer of ownership at the end of the lease term). The lease is, therefore, accounted for as operating lease (see Note 32).

One Subic has a lease contract with Subic Bay Metropolitan Authority (SBMA) for a parcel of land and electric generating plant and facilities where it has determined that the risks and rewards related to the properties are retained with the lessor (e.g., no bargain purchase option and transfer of ownership at the end of the lease term). The lease is, therefore, accounted for as operating lease (see Note 32).

The Company has entered into various lease agreements with individual land owners where the present value of the minimum lease payments does not amount to at least substantially all of the fair value of the leased asset, among others, which indicates that it does not transfer substantially all the risks and rewards from the various land owners to the Company incidental to the ownership of the parcels of land. These leases are classified as operating leases.

The Company has entered into various lease agreements with individual land owners where the present value of the minimum lease payments amount to at least substantially all of the fair value of the leased asset, which indicates that the risks and rewards related to the asset are transferred to the Company. These leases are classified as finance leases.

Classification of Leases - the Company as Lessor
The Company has various lease agreements for the lease of its investment property. The Company has determined that the risks and rewards of ownership of the underlying properties are retained by the Company. Accordingly, the leases are classified as operating leases.

Determining and Classifying a Joint Arrangement
Judgment is required to determine when the Company has joint control over an arrangement, which requires an assessment of the relevant activities and when the decisions in relation to those activities require unanimous consent. The Company has determined that the relevant activities for its joint arrangements are those relating to the operating and capital decisions of the arrangement. Judgment is also required to classify a joint arrangement. Classifying the arrangement requires the Company to assess their rights and obligations arising from the arrangement. Specifically, the Company considers:

- The structure of the joint arrangement - whether it is structured through a separate vehicle
- When the arrangement is structured through a separate vehicle, the Company also considers the rights and obligations arising from:

    a. the legal form of the separate vehicle;
    b. the terms of the contractual arrangement; and
    c. other facts and circumstances (when relevant).

This assessment often requires significant judgment, and a different conclusion on joint control and also whether the arrangement is a joint operation or a joint venture, may materially impact the accounting. As at December 31, 2015 and 2014, the Company's SCs are joint arrangements in the form of a joint operation.

Classification of Joint Venture
The Company holds 50% of the voting rights of its joint arrangements, namely, SLTEC and ACTA. The Company has joint control over these arrangements as under the contractual agreements, unanimous consent is required from all parties to the agreements for all relevant activities.

The Company's joint arrangements are structured through a separate vehicle and provide the Company and the parties to the agreements with rights to the net assets of the separate vehicle under the arrangements.

Accordingly, the Company classified its interests in SLTEC and ACTA as joint ventures.

Material Partly-Owned Subsidiaries
The consolidated financial statements include additional information about subsidiaries that have NCI that are material to the Company (see Note 31). Management determined material partly-owned subsidiaries as those with balance of NCI greater than 5% of NCI and those subsidiaries which type of activities they engage in is important to the group as at end of the year.

Material Associates and Joint Ventures
The consolidated financial statements include additional information about associates and joint ventures that are material to the Company (see Note 13). Management determined material associates as those associates where the Company's carrying amount of investment is greater than 5% of the total investments in associates and joint ventures as at end of the year.

<u>Estimates</u>

Fair Value of Financial Assets and Financial Liabilities
The fair value for financial instruments in share of stocks traded in an active market at the end of the reporting period is based on their quoted market price or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs. Where the fair values of financial assets and financial liabilities recorded on the consolidated statement of financial position cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment and estimation is required in establishing fair values. Any change in value of these financial assets and financial liabilities (including derivatives) would affect the consolidated statement of comprehensive income and consolidated statement of changes in equity. The fair value of the Company's financial assets and liabilities are discussed in Note 34.

Estimated Allowance for Doubtful Accounts
The Company maintains allowance for doubtful accounts based on the results of the individual and collective assessment under PAS 39. Under the individual assessment, the Company considers the significant financial difficulties of the customer or significant delays in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on age and status of financial asset, as well as historical loss experience. Allowance for doubtful accounts is recorded when management believes that the receivable balance cannot be provided or realized after exhausting all efforts and courses of action. The

collective assessment would require the Company to group its receivables based on the credit risk characteristics (customer type, past-due status and terms) of the customers. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile. Historical loss experience is adjusted on the basis of current observable data to reflect the effects of current conditions that did not affect the period on which the historical loss experience is based and to remove the effects of conditions in the historical period that do not exist currently. The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any period would differ depending on the judgments and estimates made for the year. As at December 31, 2015 and 2014, allowance for doubtful accounts amounted to ₱63.13 million. The carrying value of trade and other receivables amounted to ₱3,466.31 million and ₱3,055.02 million as at December 31, 2015 and 2014, respectively (see Note 9).

Impairment of AFS investments
The Company treats AFS investments in shares of stock as impaired when there has been a significant or prolonged decline in the fair value below its cost or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires judgment. The Company treats "significant" generally as 20% or more of the original cost of investment, and "prolonged", greater than 12 months. In addition, the Company evaluates other factors, including normal volatility in share price for quoted equities and the future cash flows and the discount factors for unquoted equities.

The Company also determines whether its AFS investments in debt instruments are impaired if there is a loss event which has an impact on the future cash flows that can be reliably estimated. Examples of these loss events are significant financial difficulty of the issuer, observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets and adverse changes in the payment status of borrowers, among others.

Based on the foregoing criteria, the Company has assessed in 2015 that its AFS investments in equity instruments are impaired as a result of significant decline in the fair value of its investments in certain quoted shares. The loss recognized under the "Other income (loss) - net" account in 2015 consolidated statement of income amounted to ₱12.42 million (see Note 26).

Likewise, an impairment loss of ₱49.70 million was recognized under the "Other income (loss) - net" account in 2013 consolidated statement of income as a result of the measurable decrease in estimated future cash flows from the AFS investments in debt instruments (see Note 26).
No impairment loss was deemed necessary in 2014. The carrying value of AFS investments amounted to ₱295.77 million and ₱268.60 million as at December 31, 2015 and 2014, respectively (see Notes 7 and 14).

Realizability of Deferred Income Tax Assets
The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. However, there is no assurance that sufficient taxable income will be generated to allow all or part of the deferred tax assets to be utilized.

As at December 31, 2015 and 2014, deferred income tax assets recognized by the Company amounted to ₱42.51 million and ₱46.23 million, respectively (see Note 27). The Company's deductible temporary differences, unused NOLCO and unused MCIT for which no deferred income tax assets were recognized are disclosed in Note 27.

Estimated Useful Lives of Property, Plant and Equipment,
Investment Properties and Leasehold Rights
The Company estimates the useful lives of property, plant and equipment, investment properties and leasehold rights based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment, investment properties and leasehold rights are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of property, plant and equipment and investment properties are based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above. The amounts and timing of recorded expenses for any period would be affected by changes in these factors and circumstances. There was no change in the useful life.

The total depreciation and amortization of property, plant and equipment, investment properties and leasehold rights amounted to ₱397.12 million, ₱161.41 million and ₱99.14 million for the years ended December 31, 2015, 2014 and 2013, respectively (see Notes 12, 15, 16 and 25).

Impairment of Non-financial Assets, Other than Goodwill and Deferred Exploration Costs
The Company assesses whether there are any indicators of impairment for all non-financial assets, other than goodwill and deferred exploration costs, at each reporting date. These non-financial assets (investments in associates and interests in joint ventures, property, plant and equipment, investment properties and leasehold rights) are tested for impairment whenever events or changes in circumstances indicate that carrying amount of the asset may not be recoverable. This requires an estimation of the value in use of the CGUs. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows. In cases where the value in use cannot be reliably measured, the recoverable amount is based on fair value less costs to sell.

The carrying amounts of the Company's non-financial assets as at December 31 are as follows:

	2015	2014
Property, plant and equipment (see Note 12)	**₱7,381,816**	₱6,863,059
Investments and advances (see Note 13)	**4,171,641**	3,747,462
Investment properties (see Note 15)	**26,341**	28,302
Leasehold rights (see Note 16)	**73,529**	89,719

No impairment loss was deemed necessary on these non-financial assets in years 2015, 2014 and 2013.

Accumulated impairment losses on investments amounted to ₱1.56 million as at December 31, 2015 and 2014 (see Note 13).

Impairment of Deferred Exploration Costs
The carrying value of deferred exploration costs is reviewed for impairment by management when there are indications that the carrying amount exceeds the recoverable amount. Among the factors considered by management in the write-off of deferred exploration costs are the expiration of the contracts and the technical evaluation that the remaining prospects in these areas are small and are likely to be uneconomic. In 2013, the Company reversed the provision for impairment loss amounting to ₱12.87 million which was recognized in 2012 since management believes that it will be able to recover its costs on the basis of new studies and test results (see Note 26). No impairment loss was deemed necessary in 2014 and 2015. The carrying value of deferred

exploration costs amounted to ₱126.91 million and ₱116.41 million as at December 31, 2015 and 2014, respectively (see Note 16).

Impairment of Goodwill
The Company's goodwill was tested for impairment where the recoverable amount was determined using the value in use approach. Value in use was based on the cash flow projections on the most recent financial budgets/forecasts approved by the BOD, which management believes are reasonable. In 2015, the discount rate applied was 9.30%, which was based on the weighted average cost of capital adjusted for the difference in currency and specific risks.

The carrying amount of goodwill amounted to ₱234.15 million as at December 31, 2015 and 2014 (see Note 16). No impairment loss was recognized on goodwill for the years ended December 31, 2015 and 2014.

Purchase Price Allocation - Estimating the Fair Values of Acquiree's Identifiable Assets and Liabilities and Pre-existing Relationship and Previously Held Interest; Goodwill and Gain on Bargain Purchase
Where the fair values of the acquiree's identifiable assets and liabilities cannot be derived from active markets, the Company determined the fair values using internal valuation techniques and generally accepted valuation approaches. The inputs to these valuation approaches are taken from historical experience and observable markets where possible, but where this is not feasible, estimates are used in establishing fair values. The estimates may include discount rates and assumptions used in cash flow projections.

The fair values of the identifiable net assets acquired from TA Power in 2013 amounted to ₱974.06 million, while that of One Subic in 2014 amounted to ₱263.72 million (see Note 5).

The Company accounts for the acquired businesses using the acquisition method which require extensive use of accounting judgments and estimates to allocate the purchase price to the fair market values of the acquiree's identifiable assets and liabilities and contingent liabilities, if any, at the acquisition date. Any difference in the purchase price and the fair values of the net assets acquired is recorded as either goodwill in the consolidated statement of financial position or gain on bargain purchase in the consolidated statement of income. Thus, the numerous judgments made in estimating the fair value to be assigned to the acquiree's assets and liabilities can materially affect the Company's financial position and performance.

The acquisition of One Subic in 2014 has resulted in recognition of goodwill. The carrying value of goodwill as at December 31, 2014 amounted to ₱234.15 million (see Note 16). Also, prior to TA Power's acquisition of One Subic, TA Oil has an existing PAMA with One Subic which is considered as a pre-existing relationship in a business combination. The acquisition of One Subic also resulted to recognition of gain on settlement of pre-existing relationship amounting to ₱8.72 million included under "Other income (loss) - net" account in the 2014 consolidated statement of income (see Notes 5 and 26).

The Company's acquisition of the 50% of TA Power in 2013 also requires remeasurement of previously held interest in TA Power and has resulted into a gain on remeasurement and gain on bargain purchase. The gain on remeasurement of previously held interest and gain on bargain purchase pertaining to the acquisition of 50% interest in TA Power amounting to ₱168.59 million and ₱25.93 million, respectively, were presented under "Other income (loss) - net" account in the 2013 consolidated statement of income (see Notes 5 and 26).

Pension and Other Employee Benefits
The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Pension and other employee benefits liability amounted to ₱33.81 million and ₱28.65 million as at December 31, 2015 and 2014, respectively (see Note 28).

In determining the appropriate discount rate, management considers the interest rates of government bonds that are denominated in the currency in which the benefits will be paid, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Further details about the assumptions used are provided in Note 28.

Share-based Payments
The Company measures the cost of its equity-settled transactions with management and employees by reference to the fair value of the equity instruments at the grant date. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. The estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about these inputs. The fair value of the share option is being determined using the binomial method. The expected life of the stock options is based on the expected exercise behavior of the stock option holders and is not necessarily indicative of the exercise patterns that may occur. The volatility is based on the average historical price volatility which may be different from the expected volatility of the shares of the Parent Company.

As at December 31, 2015 and 2014, other equity reserve from stock option plan amounted to ₱14.66 million and ₱15.32 million, respectively (see Note 20). Total expense arising from share-based payments recognized by the Company amounted to ₱1.86 million, ₱7.59 million and ₱12.28 million for the years ended December 31, 2015, 2014 and 2013, respectively (see Note 21).

Contingencies and Tax Assessments
The Company is currently involved in various legal proceedings and tax assessments. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Company currently does not believe these proceedings will have a material adverse effect on the Company's consolidated financial statements.

5. **Business Combinations**

One Subic

On May 12, 2014, TA Power purchased from UDEC the entire outstanding shares of stock of One Subic. The purchase price consideration has been allocated to the identifiable assets and liabilities on the basis of their fair values as follows at date of acquisition:

	Carrying Values	Fair Values Recognized
Current assets:		
Cash	₱23,504	₱23,504
Receivables	132,955	131,827
Fuel and spare parts	4,381	4,381
Other current assets	3,383	3,383
Total current assets	164,223	163,095
Noncurrent assets:		
Property, plant and equipment	109,928	104,505
Other noncurrent assets	8,282	5,972
Deferred income tax assets	1,346	–
Leasehold rights (see Note 16)	–	99,839
Total noncurrent assets	119,556	210,316
Current liabilities:		
Accounts payable	68,569	68,569
Income and withholding taxes payable	6,897	6,897
Total current liabilities	75,466	75,466
Noncurrent liabilities:		
Mortgage payable	1,872	1,872
Pension liability	5,617	4,827
Deferred income tax liability	–	27,530
Total noncurrent liabilities	7,489	34,229
Identifiable net assets acquired	₱200,824	₱263,716

Identifiable net assets acquired	₱263,716
Goodwill from the acquisition (see Note 16)	234,152
Purchase consideration transferred	₱497,868

Cash paid	₱489,144
Cash consideration allocated to pre-existing relationship	8,724
Purchase consideration transferred	₱497,868

Cash flows from an investing activity:	
Net cash acquired from subsidiary	₱23,504
Cash payment	(489,144)
Net cash outflow	(₱465,640)

The goodwill of ₱234.15 million reflects the expected synergy in the Company's growing generation portfolio (see Note 16). The goodwill is not deductible for tax purposes.

The fair value and gross amount of trade and other receivables amounted to ₱131.83 million and ₱132.96 million, respectively. The difference between the fair value and the gross amount of trade and other receivables represents the portion expected to be uncollectible.

The Company's consolidated revenues and consolidated net income would have increased by ₱318.68 million and ₱63.79 million, respectively, for the year ended December 31, 2014 had the acquisition of One Subic actually taken place on January 1, 2014. Revenue and net income included in the consolidated statement of income from May to December 2014 amounted to ₱205.35 million and ₱48.48 million, respectively.

TA Power
In line with the Company's objective of increasing its portfolio of power generating assets, on January 1, 2013, the Company entered into a Share Purchase Agreement with Holcim for the acquisition of Holcim's 50% stake in TA Power for a total purchase price of ₱475.50 million. The said amount was fully paid on January 3, 2013. This acquisition of additional TA Power shares increased TA Oil's shareholding in TA Power from 50% equity interest with a carrying value of ₱318.44 million to 100% equity interest with a total carrying value at the time of acquisition of ₱654.15 million. Previously, the Company accounted for its investment in TA Power as interest in a joint venture.

The purchase price consideration has been allocated to the identifiable assets and liabilities on the basis of fair values as follows at date of acquisition:

	Carrying Values	Fair Values Recognized
Current assets:		
Cash and cash equivalents	₱263,311	₱263,311
Investments held for trading	121,421	121,421
Trade and other receivables	233,296	228,157
Fuel and spare parts	104,133	104,133
Other current assets	128,343	127,168
Total current assets	850,504	844,190
Noncurrent assets:		
Property, plant and equipment	14,299	475,849
Available-for-sale investments	70,139	70,139
Deferred income tax assets - net	860	860
Investment property	8,607	13,085
Other noncurrent assets	1,058	1,058
Total noncurrent assets	94,963	560,991
Current liabilities:		
Trade and other payables	273,564	273,564
Due to related parties	7,387	7,387
Derivative liability	12	12
Total current liabilities	280,963	280,963
Noncurrent liabilities:		
Provision	5,000	5,000
Other post-employment benefits	5,351	5,351
Deferred income tax liabilities	–	139,808
Total noncurrent liabilities	10,351	150,159
Total identifiable net assets acquired	₱654,153	₱974,059

Total identifiable net assets acquired	₱974,059
Gain on bargain purchase (see Note 26)	25,926
Purchase consideration transferred	₱948,133

	Carrying Values	Fair Values Recognized
Cash paid		₱475,500
Cash consideration allocated to pre-existing relationship		(14,396)
Cash paid for the acquisition		461,104
Fair value of previously held interest		487,029
Purchase consideration transferred		₱948,133
Cash flows from an investing activity:		
Net cash acquired from subsidiary		₱263,311
Cash paid		(461,104)
Net cash outflow		(₱197,793)

The fair value and gross amount of trade and other receivables amounted to ₱228.16 million and ₱233.30 million, respectively. The difference between the fair value and the gross amount of trade and other receivables represents the portion expected to be uncollectible.

The Company recognized ₱168.59 million gain from remeasurement of previously held interest of 50% in TA Power, included in "Other income (loss) - net" account in the consolidated statement of income for the year ended December 31, 2013 (see Note 26), which is the difference of the fair value of previously held interest of ₱487.03 million and carrying value of investment in TA Power before business combination of ₱318.44 million.

As a result of the acquisition, the Company recognized gain on bargain purchase amounting to ₱25.93 million, included under "Other income (loss) - net" account in the consolidated statement of income for the year ended December 31, 2013 (see Note 26). The gain resulted primarily from remeasurement of property, plant and equipment based on expected future cash generation.

The cash consideration of ₱475.50 million paid by the Parent Company included cash allocated to pre-existing relationship with TA Power. Prior to acquisition, TA Power has investments in the Parent Company amounting to ₱14.40 million.

Transaction costs of ₱0.56 million have been expensed and are included in "General and administrative expenses" in the consolidated statement of income for the year ended December 31, 2013.

The revenues and net income of TA Power in the Company's consolidated statement of income for the year ended December 31, 2013 amounted to ₱4.91 billion and ₱282.10 million, respectively.

As a result of TA Power becoming a wholly owned subsidiary of TA Oil effective January 1, 2013, the Parent Company's shares of stock held by TA Power amounting to ₱28.79 million was considered as treasury shares.

6. Cash and Cash Equivalents

	2015	2014
Cash on hand and in banks	**₱102,166**	₱162,019
Short-term deposits	**253,577**	379,552
	₱355,743	₱541,571

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods between one day and three months depending on the immediate cash requirements of the Company and earn interest at the respective short-term deposit rates.

Short-term deposits account includes debt service reserves amounting to ₱55.50 million and ₱48.05 million as at December 31, 2015 and 2014, respectively for the wind project loan facility (see Note 19).

7. Investments in Escrow Account

The Company placed in an escrow fund account the net proceeds from its November 2012 stock rights offering (SRO). The said escrow account shall only be used for the following:

- 54 MW Wind Energy Project in San Lorenzo, Guimaras
- Equity investment in SLTEC to fund the second 135 MW clean coal-fired power plant in Calaca, Batangas
- Other potential investments in power project opportunities

In 2013, the Company acquired additional AFS investments in bonds and fixed rate treasure notes (FXTNs) totaling ₱344.00 million and recognized a loss on fair value changes amounting to ₱49.70 million. By the end of 2013, management has assessed that the estimated future cash flows from its AFS investments have decreased since the local 25-year interest rate as at December 31, 2013 increased by over 34% from the date of purchase of the instruments, resulting in the decline of the prices of the instruments by 15%. And as such, impairment loss amounting to ₱49.70 million representing the cumulative marked-to-market loss recognized under other comprehensive income, was transferred to the consolidated statements of income in 2013 (see Note 26). These AFS investments were disposed in 2014.

The Company utilized the escrow account in accordance with the purpose and timing for which it was approved. The account was fully disbursed in 2014.

8. Investments Held for Trading

Investments held for trading consist of investments in UITFs amounting to ₱942.14 million and ₱377.79 million as at December 31, 2015 and 2014, respectively.

The net changes in fair value of investments held for trading, included in “Interest and other financial income” account presented under “Other income (loss) - net” in the consolidated statements of income, amounted to ₱12.79 million gains, ₱3.11 million gains and ₱11.77 million losses in 2015, 2014 and 2013, respectively (see Note 26).

Investments in UITFs as at December 31, 2015 and 2014 include debt service reserves amounted to ₱86.85 million and ₱56.40 million, respectively, for the wind project loan facility (see Note 19).

9. Receivables

	2015	2014
Trade (see Note 32)	**₱3,454,353**	₱3,055,297
Due from related parties (see Note 29)	**6,640**	264
Receivables from:		
Assignment of Mineral Production Sharing Agreement (MPSA) (see Note 16)	**39,365**	39,365
Consortium - SC 50 (see Note 16)	**20,000**	20,000
Employees	**2,698**	2,107
Stockholders (see Note 29)	**35**	35
Others	**6,351**	1,086
	3,529,442	3,118,154
Less allowance for doubtful accounts	**63,132**	63,132
	₱3,466,310	₱3,055,022

Trade receivables mainly represent receivables from PEMC, FIT from National Transmission Corporation (TransCo) and from the Company's bilateral customers. Trade receivables are noninterest-bearing and are generally on terms of 30 to 60 days.

As at December 31, the aging analysis of past due but not impaired receivables is as follows:

	2015						
		Neither Past Due nor	**Past Due but not Impaired**				**Past Due and**
	Total	**Impaired**	**<30 Days**	**30–60 Days**	**61–90 Days**	**91–120 Days**	**Impaired**
Trade	**₱3,454,353**	**₱1,958,805**	**₱127,243**	**₱8,898**	**₱13,316**	**₱1,325,618**	**₱20,473**
Due from related parties	**6,640**	**6,640**	**–**	**–**	**–**	**–**	**–**
Others	**68,449**	**4,616**	**74**	**36**	**46**	**21,018**	**42,659**
	₱3,529,442	**₱1,970,061**	**₱127,317**	**₱8,934**	**₱13,362**	**₱1,346,636**	**₱63,132**

	2014						
		Neither Past Due nor	Past Due but not Impaired				Past Due and
	Total	Impaired	<30 Days	30–60 Days	61–90 Days	91–120 Days	Impaired
Trade	₱3,055,297	₱1,712,029	₱14,528	₱6,993	₱1,941	₱1,299,333	₱20,473
Due from related parties	264	264	–	–	–	–	–
Others	62,593	19,226	–	–	–	708	42,659
	₱3,118,154	₱1,731,519	₱14,528	₱6,993	₱1,941	₱1,300,041	₱63,132

There were no movements in the allowance for doubtful accounts during 2015.

The movements in the allowance for doubtful accounts on individually impaired receivables during 2014 is as follows:

	2014		
	Trade	Others	Total
Balances at beginning of year	₱26,490	₱3,294	₱29,784
Provision for the year (see Notes 16 and 26)	–	39,365	39,365
Write-off during the year	(17)	–	(17)
Reversal during the year (see Note 26)	(6,000)	–	(6,000)
Balances at end of year	₱20,473	₱42,659	₱63,132

Due to its interpretation of the WESM Rules, the PEMC allocates its uncollected receivables due from power purchasers in the WESM to the generators who sold power to the WESM. On December 23, 2013, the Supreme Court (SC) issued a 60-day Temporary Restraining Order ("TRO") enjoining the MERALCO and the Energy Regulatory Commission (ERC) from implementing the Automatic Generation Rate Adjustment (AGRA) mechanism for the November 2013 billing period. The AGRA allows automatic pass through of the cost of power purchased from WESM. In turn, MERALCO did not pay PEMC a significant portion of its November and December 2013 power bills. PEMC in turn, did not pay the Company the full amount of its electricity sales. On April 22, 2014, the SC extended indefinitely the TRO it issued over the collection of the November 2013 power rate increase.

The ERC issued an Order (ERC Case No. 2014-021 MC) dated March 3, 2014 voiding the WESM prices of November and December 2013 bills. As directed by ERC, PEMC recalculated regulated prices and issued WESM adjustment bills in March 2014 which the Company recorded resulting to an increase in receivables and net trading revenues.

Certain market players filed motions for reconsideration resulting in ERC's issuance of another Order dated March 27, 2014 for PEMC to provide market participants an additional 45 days, or up to May 12, 2014 to settle their WESM bills covering the adjustments for the period October 26 to December 25, 2013. ERC extended the settlement of WESM bills to a non-extendible period of 30 days up to June 11, 2014 which resulted in a Multilateral Agreement where the WESM Trading Participants agreed to be bound to a payment schedule of 6 months or 24 months subject to certain conditions. The Company signed the Agreement on June 23, 2014. In 2015 and 2014, the Company collected ₱508.00 million and ₱410.00 million, respectively, under the said Multilateral Agreement and was recognized as payable.

10. Fuel and Spare Parts - at cost

	2015	2014
Fuel	**₱240,029**	₱250,918
Spare parts	**70,900**	56,179
	₱310,929	₱307,097

Fuel charged to "Costs of sale of electricity" in the consolidated statements of income amounted to ₱931.99 million, ₱1,714.21 million and ₱1,629.39 million in 2015, 2014 and 2013, respectively (see Note 22).

11. Other Current Assets

	2015	2014
Input VAT	**₱616,337**	₱450,813
Creditable withholding taxes	**282,068**	292,494
Prepaid expenses	**108,369**	71,201
Deposits receivables	**45,494**	25,807
Derivative asset (see Note 33)	**98**	–
	₱1,052,366	₱840,315

Input VAT is recognized when the Company purchases goods and services from a VAT-registered supplier.

Creditable withholding taxes represent amounts withheld by the Company's customers and is deducted from the Company's income tax payable.

Prepaid expenses pertain to insurance, rent and other expenses paid in advance. In 2014, prepaid expenses include debt issue costs and other charges amounting to ₱7.95 million incurred in relation to the ₱4.3-Billion Term Loan Facility. This amount has been deducted to long-term debt during 2015. Upon drawdown, the related debt issue costs are amortized over the life of the debt instruments using the EIR method and any unamortized debt issuance costs are presented as a reduction from the long-term debt (see Note 19).

Deposits receivables pertain to advances to suppliers and option money paid to various land owners.

12. Property, Plant and Equipment

The details and movements of this account are shown below:

2015

	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Wells, Platforms and Other Facilities	Transportation Equipment	Mining and Other Equipment	Office Furniture, Equipment and Others	Construction in Progress	Total
Cost									
Balance at beginning of year	₱229,851	₱288,937	₱6,845,102	₱–	₱25,136	₱28,159	₱42,891	₱–	₱7,460,076
Additions	18,666	61,639	278,590	–	11,365	2,327	6,603	524,895	904,085
Disposals	–	–	(6,260)	–	(5,638)	–	(31)	–	(11,929)
Adjustments	–	16,971	–	–	(1,122)	–	(255)	–	15,594
Reclassifications	141	21,567	(21,708)	–	–	–	–	–	–
Balance at end of year	248,658	389,114	7,095,724	–	29,741	30,486	49,208	524,895	8,367,826
Accumulated depreciation									
Balance at beginning of year	1,236	93,149	443,533	–	8,843	19,557	30,699	–	597,017
Depreciation (see Note 25)	–	53,096	312,071	–	5,878	2,225	5,695	–	378,965
Disposals	–	–	(887)	–	(4,648)	–	(31)	–	(5,566)
Adjustments	–	16,971	–	–	(1,122)	–	(255)	–	15,594
Reclassifications	–	24,348	(24,348)	–	–	–	–	–	–
Balance at end of year	1,236	187,564	730,369	–	8,951	21,782	36,108	–	986,010
Net Book Value	₱247,422	₱201,550	₱6,365,355	₱–	₱20,790	₱8,704	₱13,100	₱524,895	₱7,381,816

2014

	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Wells, Platforms and Other Facilities	Transportation Equipment	Mining and Other Equipment	Office Furniture, Equipment and Others	Construction in Progress	Total
Cost									
Balance at beginning of year	₱38,501	₱188,730	₱1,162,991	₱20,347	₱21,812	₱25,888	₱39,312	₱1,383,348	₱2,880,929
Additions	16,558	10,942	74,128	–	5,493	3,340	8,216	4,399,325	4,518,002
Acquisition through business combination (see Note 5)	–	98,762	–	–	4,880	–	863	–	104,505
Disposals	–	–	–	–	(5,533)	–	(369)	–	(5,902)
Retirements	–	(9,497)	–	(20,347)	(1,516)	(1,069)	(5,029)	–	(37,458)
Reclassifications	174,792	–	5,607,983	–	–	–	(102)	(5,782,673)	–
Balance at end of year	229,851	288,937	6,845,102	–	25,136	28,159	42,891	–	7,460,076
Accumulated Depreciation									
Balance at beginning of year	618	89,910	318,240	20,347	9,850	19,437	31,911	–	490,313
Depreciation (see Note 25)	618	12,736	125,293	–	5,307	1,189	4,186	–	149,329
Disposals	–	–	–	–	(4,798)	–	(369)	–	(5,167)
Retirements	–	(9,497)	–	(20,347)	(1,516)	(1,069)	(5,029)	–	(37,458)
Balance at end of year	1,236	93,149	443,533	–	8,843	19,557	30,699	–	597,017
Net Book Value	₱228,615	₱195,788	₱6,401,569	₱–	₱16,293	₱8,602	₱12,192	₱–	₱6,863,059

In 2014, TA Oil entered into a Memorandum of Agreement (MOA) with Power Sector Assets and Liabilities Management Corp. (PSALM) for the sale of power barges 101, 102 and 103 to TA Oil at an agreed price of ₱420 million (see Note 32). On July 8, 2015, these power barges were officially transferred to TA Oil. As at December 31, 2015, the total costs capitalized amounted to ₱524.47 million and included under “Construction in Progress” under “Property, plant and equipment” in the consolidated statement of financial position. These costs include the purchase price and all other dry-docking and repair costs.

The Company has commissioned eight wind measuring devices in six sites - San Lorenzo, Nueva Valencia and Sibunag in Guimaras and Ballesteros, Sta. Ana and Aparri in Cagayan. The wind mast in Sta. Ana was decommissioned in June 2011 due to low wind regime. In 2013, the wind mast in Suclaran, San Lorenzo was decommissioned while another wind mast located in Ballesteros was destroyed by a typhoon.

On May 20, 2013, the Philippine Department of Energy (DOE) confirmed the Declaration of Commerciality of the Company’s 54 MW Wind Power project in San Lorenzo, Guimaras under Wind Energy Service Contract (WESC) No. 2009-10-009. The DOE confirmation affirms the conversion of said WESC from Pre-Development to Commercial Stage.

On October 7, 2014, the 54 MW Wind Power project started delivering power to the grid from the commissioning operations of the first three (3) units of wind turbine generators.

On February 16, 2015, the Company received from the DOE the confirmation of Commercial Operation starting December 27, 2014 for its 54 MW San Lorenzo Wind Project. The carrying amount of the wind farm as at December 31, 2015 and 2014 is ₱5,806.98 million and ₱5,756.67 million, respectively, included under “Machinery and equipment” and “Land and land improvements” accounts.

Land Held under Finance Leases
The Company entered into finance leases of land in Suclaran and Cabano in San Lorenzo, Guimaras and Zaldivar and Sawang in Buenavista, Guimaras to facilitate the construction of San Lorenzo wind farm (see Note 32). The carrying amount of property and equipment held under finance leases, included under “Land and land improvements”, as at December 31, 2015 and 2014 amounted to ₱113.44 million and ₱109.45 million, respectively.

Capitalized Borrowing Costs
For the year ended December 31, 2014, the following borrowing costs were capitalized:

Interest expense on:	
Specific borrowings* (see Note 19)	₱102,901
General borrowings (see Note 19)	8,152
Amortization of debt issue costs (see Note 19)	4,096
Accretion of finance charges related to finance leases	8,868
	₱124,017

**Net of interest income amounting to ₱3.17 million.*

The rate used to determine the amount of borrowing costs on general borrowings eligible for capitalization was 5% while the rates used to determine the amount of borrowing costs on finance lease in the form of finance charges eligible for capitalization range from 6% to100%.

In 2015, no borrowing costs were capitalized.

Mortgaged Property and Equipment
TAREC's wind farm with carrying value of ₱5,613.38 million and ₱5,785.53 million, as at December 31, 2015 and 2015, is mortgaged as security for the ₱4.3 billion term loan (see Note 19).

13. **Investments and Advances**

Details of investments in associates and interests in joint ventures and the carrying amounts as at December 31 are as follows:

	Percentage of Ownership	**2015**	2014
Investments in associates:			
Maibarara Geothermal, Inc. (MGI)	25.00	**₱329,945**	₱278,041
Asia Coal Corporation (Asia Coal)*	28.18	**631**	631
Union Aggregates Corporation (UAC)**	31.25	**–**	–
		330,576	278,672
Interests in joint ventures:			
SLTEC	50.00	**3,788,486**	3,468,734
ACTA	50.00	**42**	56
		3,788,528	3,468,790
Advances to associates and joint ventures:			
MGI		**45,000**	–
ACTA		**7,537**	–
		52,537	–
		₱4,171,641	₱3,747,462

**Shortened corporate life to October 31, 2009, hence, the investment is already fully impaired.*
***Ceased operations.*

The details and movements of investments as well as the advances in associates and interests in joint ventures accounted for under the equity method are as follows:

	2015	2014
Investment in an associate and interests in joint ventures		
Acquisition costs:		
Balance at beginning of year	**₱3,877,061**	₱3,367,338
Additions	**–**	509,723
Balance at end of year	**3,877,061**	3,877,061
Accumulated equity in net earnings (losses):		
Balance at beginning of year	**(144,235)**	(141,619)
Equity in net earnings (losses) for the year	**372,214**	(2,616)
Balance at end of year	**227,979**	(144,235)
Accumulated share in other comprehensive income:		
Balance at beginning of year	**215**	4,688
Share in other comprehensive income (loss)	**(572)**	(4,473)
Balance at end of year	**(357)**	215

(Forward)

	2015	2014
Other equity transactions:		
Balance at beginning of year	**15,980**	20,096
Share in expenses directly attributable to issuance of stocks of a joint venture	–	(4,116)
Balance at end of year	**15,980**	15,980
Less accumulated impairment losses	**1,559**	1,559
	4,119,104	3,747,462
Advances to associate and joint venture		
Balance at beginning of the year	–	–
Additional advances during the year	**52,537**	–
Balance at end of year	**52,537**	–
Total investments and advances	**₱4,171,641**	₱3,747,462

Investments in Associates

MGI
The Parent Company subscribed to 25% of the capital stock of MGI which was incorporated and registered with the SEC on August 11, 2010, to implement the integration development of the Maibarara geothermal field in Calamba, Laguna and Sto. Tomas, Batangas for power generation.

The summarized financial information in respect to MGI, a material associate of the Parent Company, as at and for the year ended December 31 and the reconciliation with the carrying amount of the investments and advances in the consolidated financial statements are shown below:

Summarized statements of financial position

	2015	2014
Current assets	**₱310,497**	₱284,032
Noncurrent assets	**3,353,104**	3,402,660
Total assets	**3,663,601**	3,686,692
Current liabilities	**(652,961)**	(553,221)
Noncurrent liabilities	**(1,690,860)**	(2,021,307)
Net assets	**1,319,780**	1,112,164
Proportion of the Company's ownership	**25%**	25%
Carrying amount of investments	**₱329,945**	₱278,041

Summarized statements of income

	2015	2014	2013
Revenue from sale of electricity	**₱772,011**	₱654,448	₱–
Costs of sale of electricity	**324,834**	269,248	–
Gross profit	**447,177**	385,200	–
Other income (charges) - net	**(344)**	913	–
Interest income (expenses) - net	**(193,989)**	(178,942)	3,669
General and administrative expenses	**(45,189)**	(44,733)	(48,831)
Income (loss) before income tax	**207,655**	162,438	(45,162)
Provision for income tax	**38**	276	–
Net income (loss)	**₱207,617**	₱162,162	(₱45,162)
Total comprehensive income (loss)	**₱207,617**	₱162,162	(₱45,162)

On September 16, 2011, the Parent Company entered into an ESA with MGI under which the Parent Company will purchase the entire net electricity output of MGI's power plant for a period of 20 years at an agreed price, subject to certain adjustments.

MGI completed the commissioning of the steamfield facilities including the connection of the transmission line to MERALCO's distribution system and its energization in September 2013. Testing of high voltage systems were done in October 2013 while commissioning and testing of the 20 MW power plant commenced in November 2013.

Commercial operations started in February 2014.

The Parent Company is also a Project Sponsor for MGI's ₱2.40 billion Term Loan Facility for the Maibarara Geothermal Power Plant (see Note 32). In the event of a default of MGI, as a Project Sponsor, the Company is obligated to:

a. assign, mortgage or pledge all its right, title and/or interest in and its shares of stocks in MGI, including those that may be issued in the name of the Parent Company;
b. assign its rights and/or interests in the Joint Venture Agreement;
c. provide Project Sponsor's support for the completion of the project under such terms and conditions that may be agreed upon by the Parent Company and the lenders.

The loan covenants covering the outstanding debt of MGI include, among others, maintenance of debt-to-equity and debt-service ratios. As at December 31, 2015 and 2014, MGI is in compliance with the said loan covenants.

During 2015, the Phase 2 of the project, adding 12 MW already started and it is expected to be operational by 2017.

In 2015, the Parent Company granted advances amounting to ₱45.00 million and in 2014, as a Project Sponsor, infused additional investment amounting to ₱18.72 million.

Asia Coal
On March 19, 2009, the directors and stockholders of Asia Coal approved the shortening of its corporate life to October 31, 2009. Asia Coal shall be dissolved and liquidated, the date of which is subject to the approval of the SEC. As at December 31, 2015, Asia Coal is still in the process of securing a tax clearance with the BIR in connection with the filing with the SEC of its application for dissolution.

Asia Coal had no activities since it filed for the shortening of its corporate life.

Interests in a Joint Venture
The summarized financial information in respect to SLTEC, a material joint venture of the Parent Company, as at and for the year ended December 31, and the reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

SLTEC

Statements of Financial Position

	2015	2014
Current assets	**₱5,561,978**	₱3,406,270
Noncurrent assets	**19,512,177**	18,354,529
Current liabilities	**(3,149,447)**	(1,934,807)
Noncurrent liabilities	**(14,401,006)**	(12,888,525)
Net assets	**7,523,702**	6,937,467
Proportion of the Company's ownership	**50%**	50%
Parent Company's share in the net assets	**3,761,851**	3,468,734
Other adjustments*	**26,635**	–
Carrying amount of investment	**₱3,788,486**	₱3,468,734

**Alignment of accounting policies.*

Additional Information

	2015	2014
Cash and cash equivalents	**₱4,038,038**	₱2,720,872
Current financial liabilities*	**1,099,842**	31,667
Noncurrent financial liabilities	**14,383,504**	12,888,525

**Excluding trade, other payables and provision.*

Statements of Income

	2015	2014	2013
Revenue from sale of electricity	**₱2,053,888**	₱–	₱–
Costs of sale of electricity	**1,276,043**	–	–
	777,845	–	–
General and administrative expenses	**(131,714)**	(70,746)	(143,013)
Interest income (expenses) - net	**(323,682)**	17,259	–
Other income	**283,171**	(17,445)	57,053
Income (loss) before income tax	**605,620**	(70,932)	(85,960)
Provision for (benefit from) deferred income tax	**79,723**	1,894	(14,832)
Net income (loss)	**525,897**	(72,826)	(100,792)
Other comprehensive income (loss)	**(715)**	429	9,376
Total comprehensive income (loss)	**₱525,182**	(₱72,397)	(₱91,416)

Additional Information

	2015	2014	2013
Depreciation and amortization	**₱288,888**	₱7,768	₱1,319
Interest income	**31,513**	20,750	13,600
Interest expense	**355,195**	3,491	192,116

On October 29, 2011, SLTEC signed the Omnibus Loan and Security Agreement with its local third party creditor banks with the Parent Company and AC Energy as Project Sponsors.

Under the terms of the Agreement, the Parent Company shall:

- enter into supply agreements with end users sufficient to cover such capacity required by SLTEC to break-even for two years, within 18 months from first drawdown. The consequence of failure is a draw-stop, which means SLTEC will not be able to draw on the loan;
- commit to provide advances to SLTEC in proportion to the Parent Company's equity interest in SLTEC to fund the project cost of the SLTEC power plant project;
- guarantee jointly with AC Energy to redeem the loan in the event that SLTEC defaults on the loan, and lenders are not able to consolidate title to the project site because title to the properties have not been issued; and
- pledge its shares in SLTEC as security, and assign its offtake contracts to the lenders sufficient to cover such capacity required by SLTEC to break-even.

In accordance with the Joint Venture Agreement, AC Energy made an additional investment in SLTEC amounting to ₱61.08 million in 2011. The Company's share in the additional investment made by AC Energy amounting to ₱30.54 million was recorded under "Other equity reserve" account in the 2011 consolidated statement of changes in equity. In 2012, SLTEC incurred stock issuance costs totaling ₱12.66 million which were recognized by SLTEC as a reduction from its APIC and Retained earnings. Of this amount, ₱6.33 million which represents the Company's share in the said costs, was recognized equally as a reduction from the Company's other equity reserve account and retained earnings.

In 2014, the Company invested additional capital amounting to ₱491.00 million in response to several equity calls for the expansion of the coal-fired power plant in Calaca.

On April 24, 2015, Unit 1 of the 2x135MW commenced its commercial operations. The Unit 2 of the power plant declared its commercial operations on February 21, 2016.

Percentage of Completion for the Construction of Unit 1 and Unit 2 of the plant is as follows:

	2015	2014
Unit 1	**100.00%**	100.00%
Unit 2	**99.97%**	88.40%

14. **Available-for-sale Investments**

	2015	2014
Shares of stock:		
Listed	**₱156,503**	₱131,244
Unlisted	**93,885**	83,247
Golf club shares	**45,380**	54,107
	₱295,768	₱268,598

In 2015 and 2013, impairment losses recognized due to the decline in market value of securities amounted to ₱12.42 million and ₱49.70 million, respectively. No impairment was recognized in 2014 (see Note 26).

The movements in this account are as follows:

	2015	2014
Balance at beginning of the year	**₱268,597**	₱286,503
Additions during the year	**10,718**	206
Additions other than cash acquisitions	**13,189**	–
Disposals during the year	**(11,509)**	(1,526)
Net changes in the fair market value of AFS investments	**14,773**	(16,586)
Balance at end of the year	**₱295,768**	₱268,597

The movements in net unrealized gain on AFS investments are as follows:

	2015	2014
Balance at beginning of the year - net of tax	**₱74,515**	₱91,823
Net changes in the fair market value of AFS investments	**14,773**	(16,586)
Recycling of fair value change of certain quoted AFS due to impairment and disposal (see Note 26)	**12,424**	–
Income tax effect	**(234)**	(722)
Balance at end of the year - net of tax	**₱101,478**	₱74,515

The dividend income earned from AFS investments amounted to ₱8.80 million, ₱6.84 million and ₱8.10 million in 2015, 2014 and 2013, respectively.

15. Investment Properties

This account consists of:

		2015	
	Land	**Mezzanine**	**Total**
Cost -			
Balance at beginning and end of year	**₱13,085**	**₱28,133**	**₱41,218**
Less accumulated depreciation:			
Balance at beginning of year	**–**	**12,916**	**12,916**
Depreciation (see Note 25)	**–**	**1,961**	**1,961**
Balance at end of year	**–**	**14,877**	**14,877**
Net book value	**₱13,085**	**₱13,256**	**₱26,341**

		2014	
	Land	Mezzanine	Total
Cost -			
Balance at beginning and end of year	₱13,085	₱28,133	₱41,218
Less accumulated depreciation:			
Balance at beginning of year	–	10,955	10,955
Depreciation (see Note 25)	–	1,961	1,961
Balance at end of year	–	12,916	12,916
Net book value	₱13,085	₱15,217	₱28,302

Investment properties are stated at cost less accumulated depreciation and any impairment loss. The fair value of the investment properties amounted to ₱50.73 million as at December 31, 2015 and 2014 based on the latest valuation by an independent firm of appraisers in 2014. The Company's investment properties are composed of land and mezzanine property. Since there are no quoted market prices for identical assets in an active market available, the valuation is based on sound valuation approach and technique. Valuation techniques based on Market Data Approach and Sales Comparison Approach are used for the land and mezzanine property, respectively. The key assumptions used to determine the fair value of the investment properties and sensitivity analyses are discussed below.

Investment property	Significant unobservable inputs	Range (weighted average)
Land	Asking price (₱/sqm.)	₱1,700–₱2,500 (₱2,051)
Mezzanine Property	Sales Price (₱/sqm.)	₱76,413–₱140,000 (₱109,977)

The value of the land is arrived at using the Market Data Approach which estimates the value of the land based on sales and listings of comparable property registered within the vicinity. This technique requires the adjustments of comparable property by reducing reasonable comparative sales and listings to a common denominator. This is done by adjusting the differences between the subject property and those actual sales and listings regarded as comparables. The properties used as bases of comparison are situated within the immediate vicinity of the land. The comparison was premised on the factors of location, size and shape of lot, time element and bargaining allowance.

The value of the mezzanine property is arrived at using the Sales Comparison approach. This is a comparative approach to value that considers the sales of similar or substitute properties and related market data and establishes a value estimate by process involving comparison. The properties used as basis for comparison are situated within the subject building or in other comparable condominium buildings nearby. Comparison would be premised on the factors such as floor level location, interior finishes, parking slot location and facilities offered and the time element.

Rental income in 2015, 2014 and 2013 amounted to ₱1.73 million, ₱1.80 million and ₱2.63 million, respectively, recognized in the consolidated statements of income, while related direct costs and expenses amounted to ₱2.26 million, ₱2.30 million and ₱2.35 million in 2015, 2014 and 2013, respectively, included as part of "General and administrative expenses" account in the consolidated statements of income (see Note 23).

16. **Goodwill and Other Intangible Assets**

Following are the details and movements in this account:

	2015			
	Leasehold Rights	**Deferred Exploration Costs**	**Goodwill**	**Total**
Cost:				
Balance at beginning of year	**₱99,839**	**₱116,405**	**₱234,152**	**₱450,396**
Additions -				
Cash calls	**–**	**10,500**	**–**	**10,500**
Balance at end of year	**99,839**	**126,905**	**234,152**	**460,896**
Accumulated depreciation:				
Balance at beginning of year	**10,120**	**–**	**–**	**10,120**
Amortization (see Note 25)	**16,190**	**–**	**–**	**16,190**
Balance at end of year	**26,310**	**–**	**–**	**26,310**
Net book value	**₱73,529**	**₱126,905**	**₱234,152**	**₱434,586**

	2014			
	Leasehold Rights	Deferred Exploration Costs	Goodwill	Total
Cost:				
Balance at beginning of year	₱–	₱96,291	₱–	₱96,291
Acquisition through business combination (see Note 5)	99,839	–	234,152	333,991
Additions:				
Farm-in Agreement	–	11,719	–	11,719
Supplemental option fee	–	8,883	–	8,883
Cash calls	–	399	–	399
Cash call refunds	–	(887)	–	(887)
Balance at end of year	99,839	116,405	234,152	450,396
Accumulated depreciation:				
Balance at beginning of year	₱–	₱–	₱–	₱–
Amortization (see Note 25)	10,120	–	–	10,120
Balance at end of year	10,120	–	–	10,120
Net book value	₱89,719	₱116,405	₱234,152	₱440,276

Leasehold Rights and Goodwill

Leasehold rights and goodwill arise from the acquisition of TA Power of the entire outstanding shares of stocks of One Subic (see Note 5).

Impairment Testing of Goodwill

The goodwill acquired through business combination was allocated for impairment testing to One Subic's power plant operations. The recoverable amount of goodwill was determined using the value in use approach. Value in use was based on the cash flow projections of the most recent financial budgets and forecasts approved by the BOD, which management believes are reasonable and are management's best estimate of the ranges of economic conditions that will exist over the remaining useful life of the asset. The pre-tax discount rate of 9.5% was applied based on the weighted average cost of capital adjusted for the difference in currency and specific risks associated with the assets or businesses of such CGUs.

The recoverable amount exceeded the carrying amount of the individual assets, which as a result, no impairment was recognized for the years ended December 31, 2015 and 2014.

Deferred Exploration Costs
The balance of deferred exploration costs consists of expenditures incurred in the following production-sharing petroleum and geothermal projects:

	2015	2014
Petroleum and gas		
SC 51/Geophysical Survey and Exploration Contract		
(GSEC) No. 93 (East Visayas)	**₱32,666**	₱32,666
SC 69 (Camotes Sea)	**15,085**	15,085
SC 6 (Northwest Palawan)	**23,946**	20,784
SC 55 (Southwest Palawan)	**5,714**	5,713
SC 52 (Cagayan Province)	**30,438**	30,438
SC 50 (Northwest Palawan)	**11,719**	11,719
Geothermal		
SC 8 (Mabini, Batangas)	**7,337**	–
	₱126,905	₱116,405

The foregoing deferred exploration costs represent the Company's share in the expenditures incurred under petroleum and geothermal SCs with the DOE. The contracts provide for certain minimum work and expenditure obligations and the rights and benefits of the contractor. Operating agreements govern the relationship among co-contractors and the conduct of operations under an SC.

For the years ended December 31, 2015 and 2014, no impairment loss was recognized on deferred exploration costs. In 2013, impairment loss amounted to ₱12.87 million was recognized in the consolidated statement of income (see Note 26).

The following summarizes the status of the foregoing projects:

a. SC 51/GSEC 93 (East Visayas)

   In April 2012, the Operator, Otto Energy Investments Ltd. (Otto Energy) [formerly "NorAsian Energy Ltd."] commenced a 100-kilometer (km) 2D seismic program in the town of San Isidro, Leyte primarily to pick the optimum location for the drilling of the Duhat prospect, which reservoir objective was not reached by the Duhat-1 and Duhat-1A wells in 2011.

   In mid-May 2012, the foreign seismic acquisition contractor unilaterally suspended its field operations as instructed by its government.

   In view of said development, the DOE granted on September 30, 2012 the consortium's request for a six-month extension of the current Sub-Phase 4 to January 31, 2013.

   The 2D seismic survey resumed after a one-month suspension and was completed on October 1, 2012. Data processing was completed by December 31, 2012.

   The consortium elected to enter Sub-Phase 5 (January 31, 2013 to January 31, 2014) with the drilling of Duhat-2 well in Northwest Leyte as work commitment.

Swan Oil and Gas Ltd. (Swan) withdrew from SC 51 in September 2012 after settling disputes over the North Block (Northwest Leyte) and the South Block (Cebu Strait) with Otto Energy and Filipino partners, respectively. Consequently, the 40% participating interest of Swan in the North Block reverted to Otto Energy, and as between Otto Energy and Filipino partners, the latter retained 100% interest in the South Block.

The Filipino partners signed a Farm-in Option Agreement with Frontier Oil Corporation (Frontier Oil) over the South Block on October 23, 2012. Under the said Agreement, Frontier Oil has the option to acquire 80% participating interest in the area by undertaking to drill the Argao-1 well at its sole cost during Sub-Phase 6 of SC 51 (January 31, 2014 to July 8, 2015). Frontier Oil may exercise its option not later than January 31, 2013, which was extended to February 28, 2013. The Farm-in Option Agreement lapsed since the option was not exercised by Frontier Oil.

On July 24, 2013, Otto Energy spudded the Duhat-2 well in Northwest Leyte but prematurely plugged and abandoned the well on July 26, 2013 at a depth of 201 meters for safety and environmental reasons, after encountering a high-pressure water zone. Otto Energy completed the demobilization for the Duhat-2 well on August 30, 2013 and conducted post-well studies. This new information will be considered in any future decisions on SC 51. The consortium requested the DOE a six-month extension of the current exploration Sub-Phase 5 to July 31, 2014 to be able to conduct post-well geological, geophysical and drilling studies. The DOE approved the foregoing request on November 7, 2013.

On May 5, 2014, Otto Energy notified the Company and the other partners in the consortium that it has elected to withdraw from SC 51. Otto Energy's withdrawal from SC 51 and the transfer of its participating interest to the remaining parties are subject to the approval of the DOE.

On June 28, 2014, the Filipino partners requested the DOE for suspension of the exploration of Sub-Phase 5 from the date Otto Energy notified the DOE of its withdrawal from SC 51 until the DOE approves the transfer of Otto Energy's participating interest to the Filipino partners.

On May 11, 2015, DOE approved the request for an extension of Sub-Phase 5 to July 8, 2016.

As at February 23, 2016, the approval of the aforementioned transfer of interest and request for suspension of Sub-Phase 5 remains pending with the DOE.

The Company's 6.67% participating interest in SC 51 would be adjusted to 33.34% upon DOE approval of the withdrawal of Otto Energy.

b. SC 69 (Camotes Sea)

Interpretation of the 229-square kilometers (sq. km.) 3D seismic data acquired in June 2011 generated three drillable prospects.

The DOE granted the consortium's request for a nine-month extension of Sub-Phase 3 to May 7, 2013 to allow completion of technical studies.

On April 4, 2013, the DOE granted the consortium's request for a further six-month extension of Sub-Phase 3 to November 6, 2013 to allow completion of technical studies and initiate farm-out efforts.

On August 23, 2013, the Operator, Otto Energy (Philippines) Inc. (Otto Philippines), confirmed to the Company that it did not intend to enter Sub-Phase 4 of SC 69 and will reassign 9% participating interest in SC 69 to the Company pursuant to the Assignment Agreement dated February 3, 2011.

Following an unsuccessful campaign to farm out its participating interest, Otto Philippines notified the Company and Frontier Gasfields Pty. Ltd. (Frontier Gasfields) of its withdrawal in SC 69 last October 4, 2013. The Company and Frontier Gasfields subsequently requested the DOE a six-month extension of the October 7, 2013 deadline to elect to enter the next exploration sub-phase, which started on November 7, 2013. An additional extension of the contract term to December 31, 2014 was requested due to the delays in the transfer of participating interests and operatorship to the remaining partners.

Following DOE approval of the assignment of Otto Philippines' interests to the Company and Frontier Gasfields on October 14, 2014, the Company's participating interest in SC 69 was adjusted from the current 6% to 50%.

On March 17, 2014, the Parent Company and Frontier Gasfields jointly requested the DOE an extension of the term of SC 69 until December 31, 2014. The DOE extended the term of Sub-Phase 3 to May 7, 2015 to enable the remaining parties to proceed with planned exploration activities.

As at April 17, 2015, the consortium entered Sub-Phase 4 (May 2015 to May 2016) which entails a commitment to either undertake a 3D seismic program or drill an exploratory well. The DOE approved the consortium's requests that participation in a proposed multi-client 2D seismic survey be credited as fulfillment of its work obligation under the current Sub-Phase and a 6-month extension of the term of SC 69 to November 2016.

c. SC 6 (Northwest Palawan)

<u>Block A</u>
Pitkin Petroleum Plc. (Pitkin), the Operator, completed a geophysical review of the block.

Partners approved the conduct of a new 500-sq. km. 3D seismic program over selected prospects and leads in the first half of 2013, subject to issuance of local government permits.

Under the Farm-in Agreement dated July 11, 2011, Pitkin shall carry TA Oil and the other non-operating consortium members in the costs of said seismic program and the drilling of two wells, in exchange for the assigned 70% participating interest.

On June 4, 2013, the Sangguniang Panlalawigan of Palawan voted to favorably endorse the proposed bathymetry and 3D seismic survey over the area to the Palawan Council for Sustainable Development (PCSD).

Pitkin completed a 500-sq. km. 3D seismic survey over selected prospects and leads.

Pitkin notified the partners on August 28, 2014 that it shall not exercise its option under the Farm-in Agreement to drill a well in the block and will withdraw from the block by December 31, 2014. By December 31, 2014, Pitkin completed geological and geophysical work programs in fulfillment of its obligations under the first exploration phase. The remaining partners agreed to pursue the geological evaluation of the block.

On August 28, 2015, the consortium completed its work program consisting of geological and geophysical evaluation.

On November 3, 2015, the DOE approved the 2016 work program consisting of specialized geophysical studies. The pertinent geophysical program commenced in November 2015. As at February 23, 2016, the study is still ongoing.

The Company's interest reverted to 7.78% from 2.334% following the withdrawal of farminee, Pitkin Petroleum, and subsequent approval of the assignment of interest by the DOE on June 24, 2015.

Block B

Pursuant to a Farm-in Agreement dated February 4, 2011, Peak Oil and Gas Philippines Ltd. (Australia), Blade Petroleum Philippines Ltd. (Australia) and Venturoil Philippines, Inc. ("Farminees") exercised their option to acquire 70% participating interest of the SC 6 Block B consortium, which includes TA Oil ("Farmors").

Under the Farm-in Agreement, the Farminees were supposed to shoulder all the Farmors' share of exploration and development expenditures in the Block up to the production of first oil.

The DOE denied the applications for the transfer of participating interests to the Farminees and transfer of operatorship due to failure of the Farminees to comply with DOE requirements. Under the Farm-in Agreement, the Farminees would have been eligible to earn a combined 70% of the participating interest of the farming out parties. On August 7, 2013, the DOE directed the original Operator, the Philodrill Corporation, to submit a new and comprehensive work program and budget of exploration activities over the Block.

On September 13, 2013, the DOE approved the work program and budget for SC 6 Block B for the 5th year of extension period. The pertinent geological and geophysical program commenced in October 2013 and was completed in January 2014.

The consortium formulated a work program for the next five years of the extension period which started on March 1, 2014. Partners submitted, for the DOE's approval, a 3-year work program consisting mainly of geophysical studies with a corresponding budget amounting to US$724,000.

By December 31, 2015, the consortium completed seismic interpretation and satellite gravity studies. Seismic reprocessing work commenced in August 2015 and is 75% complete as at December 31, 2015.

On September 15, 2015, the DOE approved a six- month extension of the current Sub-phase to August 28, 2016.

The Company holds 7.78% and 14.063% participating interests in Block A and Block B, respectively. SC 6 is valid until February 28, 2024 subject to fulfillment of work commitments for each of the three 5-year terms comprising the 15-year extension period of SC 6 in respect of Block A and B and payment of training assistance, development assistance and scholarship funds to the DOE.

d. SC 50 (Northwest Palawan)

In 2013, the Company commenced negotiations with Frontier Energy Limited (Frontier Energy), the Operator, regarding a Farm-in Agreement that would provide for the Company's acquisition of 10% participating interest in SC 50.

Subject to execution of said Farm-in Agreement, the Company committed to subscribe to 136,000,000 in Frontier Oil shares through the latter's planned initial public offering.

On September 1, 2014, the Company made advances to Frontier Oil amounting to ₱20,000,000 pursuant to the Memorandum of Agreement with Frontier Energy and Frontier Oil dated August 22, 2014 subject to execution of a Farm-in Agreement and Loan Agreement among the parties not later than 30 days from date of execution of the MOA. The advances is due 24 months after the release of the funds. In the event a Loan Agreement for ₱136,000,000 is signed between the Company and Frontier Oil, the advances shall be considered as initial drawdown on the Loan.

On October 16, 2014, the Parent Company signed the following agreements providing for its acquisition of 10% participating interest in SC 50:

1. Farm-in Agreement with Frontier Energy and Frontier Oil
2. Deed of Assignment with Frontier Energy
3. Loan Agreement with Frontier Oil

Frontier Oil, the Operator, applied for a Force Majeure in view of the unilateral cancellation of its rig contract by the counter party.

On October 5, 2015, the DOE denied the Operator's request and, consequently, ruled that the contract effectively expired in March 2015. On October 20, 2015, Frontier Oil contested DOE's position and engaged the DOE in discussions aimed at a mutually acceptable resolution of the issue.

In January 2016, Frontier requested a 2-year moratorium on contract obligations. As at February 23, 2016, the request for moratorium remains pending with the DOE.

As at February 23, 2016, approval of the assignment of 10% participating interest in SC 50 to the Parent Company remains pending with the DOE.

e. SC 52 (Cagayan Province)

The Company and Frontier Oil executed on January 12, 2012 a Farm-in Option Agreement which granted the Company the option to acquire 10% participating interest from Frontier, which may be exercised after completion of re-entry and testing of the Nassiping-2 well.

The Company desires and Frontier Oil decided to extend the option and expand its coverage to include the untested deeper prospective gas-bearing intervals in the Nassiping-2 well under the following terms:

1) The Company shall pay to Frontier Oil a total of US$400,000 (Supplement Option Fee) as follows:

   a. US$200,000 shall be paid within 5 working days of signing of this second amendment agreement

b. US$200,000 shall be paid within 5 working days of Company's receipt of a written notice from Frontier Oil which confirms that Frontier Oil has entered into a binding rig contract that will enable Frontier Oil to comply with the Workover Program

2) Upon payment of the Supplemental Option Fee, the Option Period shall be extended until 90 days from the date of completion of the Workover Program.

The Nassiping-2 well was drilled by Petro-Canada in 1994 but was not tested although gas shows were recorded.

Test operations conducted by Frontier Oil in February 2012 failed to establish a stable gas flow despite high surface pressure and strong initial flow rates. Frontier suspended the well for future re-entry after confirming the presence of movable gas in the target interval.

The Company and Frontier Oil signed an Amendment Agreement extending the former's option to 90 days after completion of programmed re-testing operations on the Nassiping-2 well.

The DOE approved the consortium's entry into Sub-Phase 4 (July 8, 2012 to July 8, 2013) with the Nassiping-2 Stimulation and Testing Program as work commitment.

Frontier Oil suspended the Stimulation and Testing Program in December 2012 after repeated attempts to remove a plug that would have allowed acidization of the upper test zones failed. In view of this suspension of the Stimulation and Testing Program, the Company recognized impairment loss amounting to ₱12.87 million in 2012.

Frontier Oil elected to enter Sub-Phase 5 (ending July 2014) with the deepening of the Nassiping-2 well, including the testing of all prospective gas-bearing intervals in the borehole, as one of two well obligations.

The Company and Frontier Oil signed a Second Amendment to their Farm-in Option Agreement in July 2013 that extended the option period and expanded the coverage of the Company's option to include the untested deeper prospective gas-bearing intervals identified in the well.

On July 8, 2013, the first tranche of the supplemental option fee amounting to ₱8.7 million or US$200,000 was paid.

In December 2013, Frontier Oil signed a drilling rig contract for the deepening and testing of the Nassiping-2 well. On account of this recent development, the Company reversed in full the impairment loss in 2013 (see Note 26). Based on the quantification of an independent expert, the expected monetary value of the contingent resources attributable to the SC 52 portion of the Nassiping Dome is US$128.7 million.

As requested by Frontier Oil, the DOE approved the extension of Sub-Phase 5 to January 8, 2015. On January 3, 2014, the second tranche of ₱8.88 million or US$200,000 was paid.

In letters dated February 10, 2015 and May 28, 2015, Frontier Oil Corporation requested the DOE a two-year moratorium on work obligations under Sub-Phase 5 which ends on July 8, 2015. As at February 23, 2016, the request is still pending with the DOE.

f. SC 55 (Southwest Palawan)

On May 2, 2012, the DOE approved a twelve-month extension of exploration Sub-Phase 4 to August 5, 2013 to enable BHP Billiton Petroleum (Philippines) Corporation (BHP Billiton), the Operator, to secure a drilling rig with specialized well control equipment for the committed Cinco-1 well. The Cinco-1 well will test a large interpreted carbonate structure in 1,400 meters of water.

The Company's 6.82% participating interest will be carried in the drilling cost of two (2) wells in the block under its Participation Agreement dated March 15, 2005 with the predecessors-in-interest of Otto Energy Investments Ltd. (Otto Energy) [formerly "NorAsian Energy Ltd."] and an Agreement with NorAsian Energy Ltd. dated February 3, 2011.

In May 2013, BHP Billiton filed a Notice of Force Majeure under SC 55 with the DOE in order to preserve the term of the current exploration sub-phase that requires the drilling of one exploratory well. It is deemed that the Force Majeure event commenced on September 7, 2012, at which time the endorsement of the Sangguniang Panlalawigan of the province of Palawan and the Strategic Environmental Plan (SEP) Clearance from the Palawan Council for Sustainable Development (PCSD) would have been released in the ordinary course of business.

On June 4, 2013, the Sangguniang Panlalawigan of Palawan voted to favorably endorse the proposed Cinco-1 drilling to the PCSD. The PCSD approved the issuance of the SEP clearance for the drilling of Cinco-1 well but BHP Billiton sought amendment and clarification on certain conditions set by PCSD. The SEP was issued by the PCSD and signed by all parties in October 2013.

BHP Billiton requested from the DOE an extension of the current Sub-Phase 4 to October 2014 to account for the Force Majeure period caused by the fourteen-month delay in issuance of the aforementioned PCSD clearance.

In November 2013, BHP Billiton verbally informed the partners of its decision not to drill a well under SC 55 and proposed to reassign its 60% participating interest to Otto Energy. Otto Energy subsequently signed a Letter of Intent with BHP Billiton providing for the termination of their Farm-out Agreement and the reassignment of BHP Billiton's participating interest, including a cash settlement.

In January 2014, BHP Billiton and Otto Energy signed definitive agreements for the reassignment of the former's participating interest to the latter. The DOE approved the transfer of the 60% participating interest of BHP Billiton to Otto Energy Philippines, Inc. and the transfer of Operatorship to Otto Energy. The approval formalized the exit of BHP Billiton in SC 55.

Otto Energy submitted a revised work program to the DOE focused on the drilling of an ultra deepwater prospect and commenced a farm-out campaign. The new work program was subsequently approved by the DOE. On April 29, 2014, the DOE extended the term of Sub-Phase 4 to December 23, 2014. Otto Energy commenced preparations for exploratory drilling.

On October 15, 2014, Otto Energy requested the DOE a one-year extension of Sub-Phase 4 to December 23, 2015. The requested extension was approved by the DOE on November 7, 2014.

On July 31, 2015, Otto Energy commenced drilling of the Hawkeye-1exploratory well and on August 17, 2015 completed the drilling to a total depth of 2,920 meters. The well discovered gas which is deemed to be non-commercial. Otto Energy informed its partners of its decision to withdraw from the service contract.

On December 22, 2015, the consortium requested the DOE for a two-year contract moratorium and proposed technical studies that would assess the impact of the results of Hawkeye-1 on the remaining prospective area. As at February 23, 2016, the request for moratorium remains pending with the DOE.

As at December 31, 2015 and 2014, the Company holds 6.82% participating interest in SC 55.

MPSA 252-2007-V (Camarines Norte)
On July 28, 2007, TA Oil was awarded MPSA No. 252-2007-V by the Philippine Department of Environment and Natural Resources (DENR) covering parcels of land with an aggregate area of more or less 333 hectares, located in the municipality of Camarines Norte, Philippines (the "Property"). On February 14, 2008, TA Gold and TA Oil entered into an Operating Agreement where TA Oil granted unto and in favor of the TA Gold the exclusive right to explore, develop and operate for commercial mineral production the Property under the MPSA. In June 2009, TA Oil received a notice of an Order of the Secretary of the DENR excising portions of the MPSA area that are covered by alleged mineral patents of a third party for which TA Oil filed a Motion for Reconsideration for the said Order.

In December 2009, the DENR denied TA Oil's Motion for Reconsideration. TA Oil filed a timely Appeal of the DENR's ruling with the Office of the President, which was also denied. TA Oil then elevated the case to the Court of Appeals.

TA Oil signed an Agreement on October 18, 2011 for the assignment of the MPSA to Investwell Resources, Inc. (Investwell), subject to certain conditions for a total consideration of US$4.00 million payable in four tranches. The receipt of the first nonrefundable tranche amounting to US$0.50 million (₱21.93 million) was recognized as income in 2011. The receipt of the second and third nonrefundable tranches amounting to US$1.00 million (₱42.20 million), net of the related deferred exploration cost of ₱11.47 million, was also recognized as income in the year payments were received.

On October 30, 2012, the Court of Appeals granted TA Oil's petition to reverse and set aside the resolutions of the DENR and the Office of the President that ordered and affirmed, respectively, excision of certain areas covered by alleged mining patents of a third party from the contract area of the MPSA. Subsequently, TA Oil elevated the case to the Supreme Court.

In Agreements dated May 29, 2012, March 19, 2013, June 25, 2013 and December 18, 2013, the Company and Investwell amended and restructured the payment of the fourth tranche of the total consideration.

The DENR approved on February 7, 2013 the assignment of the MPSA to Investwell, and TA Oil recognized US$0.87 million (₱37.93 million) income representing a portion of the final tranche (see Note 26).

On January 12, 2015, the Supreme Court ruled that the rights pertaining to mining patents issued pursuant to the Philippine Bill of 1902 and existing prior to November 15, 1935 are vested rights that cannot be impaired by the Mineral Production Sharing Agreement granted by the DENR to TA Oil on July 28, 2007.

As at December 31, 2015 and 2014, receivable from Investwell amounted to ₱39.37 million. In 2014, TA Oil provided an allowance for impairment for the full amount of receivable from Investwell since the latter did not comply with the restructured payment (see Notes 9 and 26).

Mabini Geothermal Service Contract (Batangas)
On December 3, 2013, TA Oil signed a MOA with Basic Energy Corporation (Basic), under which TA Oil shall acquire from Basic a 10% participating interest in the Mabini Geothermal Service Contract, which interest may be increased up to 40%, at the option of TA Oil, after TA Oil completes a gravity program in the contract area at its sole cost.

The DOE approved on September 1, 2015 a one-year extension of Contract Year 8 to July 10, 2016 with a one-well drilling obligation. On September 15, 2015, the DOE approved the transfer of 25% participating interest in subject GSC from Basic to TA Oil.

Preparations for drilling commenced in the fourth quarter of 2015.

17. **Other Non-current Assets**

	2015	2014
Receivable from a third party	**₱71,733**	₱–
Prepaid rent	**49,331**	51,938
Deposit receivable from suppliers	**36,264**	34,727
Balance at end of year	**₱157,328**	₱86,665

Receivable from a third party is interest bearing and payable in November 2017.

Prepaid rent pertains to easements and right of way agreements with land owners in Guimaras for the transmission lines to be used to connect its 54 MW wind farm project located in San Lorenzo, Guimaras to the grid.

Deposit receivables include deposits to various suppliers outstanding as of December 31, 2015 and 2014.

18. **Accounts Payable and Other Current Liabilities**

	2015	2014
Trade	**₱1,814,374**	₱982,265
Due to related parties (see Note 29)	**663,570**	294,781
Output VAT	**327,039**	109,701
Accrued interest expense	**118,155**	130,259
Accrued expenses	**74,838**	37,407
Non-trade	**69,043**	268,773
Accrued directors' and annual incentives (see Note 29)	**18,500**	12,518
Finance lease obligation - current portion	**10,815**	315
Retention payable	**3,571**	443,960
Derivative liabilities (see Note 33)	–	83
Others	**4,632**	5,376
	₱3,104,537	₱2,285,438

Accounts payable and other current liabilities are noninterest-bearing and are normally settled on 30 to 60-day terms.

Retention payables pertains to amounts retained from liabilities to suppliers and contractors.

Accrued expense includes insurance, sick and vacation leave accruals, station use, One Subic variable rent at Subic Bay Metropolitan Authority (SBMA) and accruals for incentive pay for the year 2015.

Others consists of liabilities to employees, SSS, deferred rent income, deposit payable and current portion of mortgage payable.

19. Long-term Loans

As at December 31 this account consists of:

	2015	2014
TAREC term loan facility	**₱4,300,000**	₱3,820,000
TA Oil long term loans	**2,970,000**	3,000,000
	7,270,000	6,820,000
Add premium on long-term loans (embedded derivative)	**9,389**	10,997
Less unamortized debt issue costs	**89,887**	72,151
	7,189,502	6,758,846
Less current portion of long-term loans (net of amortized debt issue costs)	**58,454**	29,255
Noncurrent portion	**₱7,131,048**	₱6,729,591

Movements in derivatives and debt issue costs related to the long-term loans follow:

	Derivatives	Debt Issue Costs
As at January 1, 2014	₱–	₱–
Additions	12,096	78,338
Amortization for the year (see Note 26)	(1,099)	(6,187)*
As at December 31, 2014	10,997	72,151
Additions	–	30,341
Amortization for the year (see Note 26)	(1,608)	(12,605)
As at December 31, 2015	₱9,389	₱89,887

**Includes capitalized amortization of debt issue costs of ₱4,096 for the year 2014 (see Note 12).*

TAREC

On December 18, 2013, TAREC entered into a ₱4.3 billion Term Loan Facility with Security Bank Corporation (SBC) and Development Bank of the Philippines (DBP). The proceeds were used to partially finance the 54 MW San Lorenzo Wind Farm composed of 27 2 MW wind turbine generators and related roads, jetty, substations, transmission line facilities and submarine cable to connect to the grid. The loan facility is divided into two tranches amounting to ₱2.15 billion each – DBP as the Tranche A lender and SBC as the Tranche B lender.

Both tranches have a term of 15 years with semi-annual interest payments starting on the date on which the loan is made. The Tranche A's interest is to be fixed at the higher of 10-year PDS Treasury Fixing (PDST-F) plus a spread of 1.625% or 6.25% for the first 10 years, to be repriced at higher of 5-year PDST-F plus a spread of 1.25% or 6.25% for the last 5 years. The Tranche B will be fixed at higher of interpolated 15-year PDST-F plus a spread of 1.625% or 6.5%. The interest rate floor on the loan is an embedded derivative that is required to be bifurcated. In 2013, the Company did not recognize any derivative liability arising from the bifurcated interest floor rate since the fair value is not significant.

On April 1, 2015, the publication of PDST-F rates ceased pursuant to the memo of the Bankers Association of the Philippines (BAP) dated January 8, 2015. Subsequently, the parties agreed to adopt PDS Treasury Reference Rate PM (PDST-R2) as benchmark rate in lieu of PDST-F rates.

The loan facility also contains a prepayment provision which allows TAREC to make optional prepayment for both Tranche A and Tranche B in the amount calculated by the facility agent as accrued interest and other charges on the loan up to the prepayment date plus, the higher of a) the principal amount of the loan being prepaid, or b) the amount calculated as the present value of the remaining principal amortizations and interest payments on the loan being prepaid, discounted at the comparable benchmark tenor as shown in the Philippine Dealing and Exchange Corp. (PDEx) Market Page, Reuters and the PDEx website (www.pdex.com.ph) at approximately 11:16 am on the business day immediately preceding the prepayment date. In addition, TAREC is allowed to prepay the Tranche A loan, without penalty or breakfunding cost, on the interest re-pricing date. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated.

Under the terms of the Agreement, TA Oil, as the Project Sponsor, shall:

- Provide equity contributions equivalent to 30% of the project cost;
- Fund any cost overruns on the project and the required debt service reserve amount (DSRA) in the event of delays in obtaining Feed-in-Tariff eligibility or Renewable Energy Payment Agreement; and
- Redeem the loan in the event that TAREC defaults on the loan and titles to the project properties have not been issued to TAREC or notwithstanding such titles, lenders fail to acquire title to the project properties due to lack of annotation or third party claims.

The loan agreement provides loan disbursement schedule for the drawdown of the loan. TAREC made the following drawdowns during the years 2015 and 2014 with the corresponding carrying values as at December 31, 2015:

	Tranche A (DBP)		Tranche B (SBC)	
Drawdown date	Gross Amount	Carrying value*	Gross Amount	Carrying value*
February 14, 2014	₱310,000	₱307,271	₱310,000	₱306,176
May 27, 2014	550,000	544,812	550,000	544,012
August 5, 2014	550,000	545,991	550,000	544,260
September 2, 2014	500,000	495,980	500,000	495,030
July 30, 2015	240,000	225,461	240,000	225,450
	₱2,150,000	₱2,119,515	₱2,150,000	₱2,114,928

**Net of unamortized debt issue costs.*

The loan's principal repayment is variable amount payable semi-annually; amount of principal repayment to be determined during the due diligence stage based on the required debt service coverage ratio (DSCR) and financial projections using the Financial Model validated by an independent financial model auditor. Any incremental revenue resulting from a subsequent increase in the applicable FIT rate shall be applied to principal repayment of the loan in the inverse order of maturity. Incremental revenue is the difference in the revenue based on existing FIT rate of ₱7.40/kwh and a new base rate as defined by the relevant government agency excluding annual adjustments to account for inflation and foreign exchange movements.

Under the loan facility agreement, TAREC must maintain a debt service account into which will be paid the maximum interest forecasted to be due and payable for the next two following payment dates that will fall within the construction period and the amount of debt service after the construction period. Debt service accounts are included under "Cash and cash equivalents" and "Investments held for trading" in the consolidated statements of financial position.

TAREC incurred debt issue costs amounting to ₱22.39 million in 2015 and ₱56.77 million in 2014 in relation to the loan facility. Prepaid debt issue cost amounting to ₱7.95 million, included under "Other current assets" account in the consolidated statement of financial position in 2014, was deducted against long-term debt in 2015 (see Note 11).

Covenants. The Term Loan Facility includes, among others, certain restrictive covenants and requirements with respect to the following, effective upon commercial operations of TAREC:

(a) Minimum Debt Service Coverage Ratio (DSCR) post dividend declaration of 1.20x throughout the term of the loan
(b) Limitation on investments (not to enter into joint ventures, partnership; create subsidiary/branch)
(c) Restricted payments (not to distribute dividends, make payments to affiliates)

TAREC is in compliance with loan covenants as at December 31, 2015 and 2014.

Commercial operations, as defined in said Term Loan Facility, shall mean the date on which the Wind Farm Project is capable of being fully operational and able to generate power and transmit the same to the Visayas Grid and shall require the Commissioning and the Take-Over (as defined in the Construction Contracts) of the Wind Farm Project by TAREC and the issuance of the Certificate of Compliance by the Energy Regulatory Commission (ERC). TAREC's certificate of compliance was issued by ERC on December 1, 2015.

The loan facility is secured by TAREC's wind farm, included in "Machinery and Equipment" and "Land and land improvements" accounts under "Property plant and equipment" with carrying value amounting to 5,613.38 million and ₱5,785.53 million, respectively (see Note 12). In addition, as a security for the timely payment, discharge, observance and performance of the obligations, TA Oil entered into a Pledge Agreement covering the subscriptions of stocks of TA Oil and its nominees.

TA Oil

The relevant terms of the long-term loans of TA Oil are as follows:

Description	Interest Rate (per annum)	Terms	2015	2014
₱1.50 billion loan with China Banking Corporation (CBC)	The higher of 7-year PDST-F at interest rate setting date which is one (1) banking day prior to issue date plus a spread of 1.625% or 5.675% for the first 7 years; repricing for the last 3 years, the higher of 3-year PDST-F plus a spread of 1.625% or initial interest rate.	Availed on April 14, 2014, payable in quarterly installment within 10 years to commence 1 year after the first interest payment date with final repayment in April 10, 2024; contains negative pledge	**₱1,478,676**	₱1,493,688
₱1.00 billion loan with SBC	Fixed at a rate equivalent to the 5-year PDST-F rate one business day prior to drawdown date plus 1.00%, for 5 years	Availed on April 11, 2014, principal repayment equivalent to 2% of the loan per annum, payable in quarterly payment starting at the end of the 5th quarter following drawdown; bullet payment on maturity date; contains negative pledge	**986,636**	995,672
₱0.50 billion loan with Banco De Oro Unibank, Inc. (BDO)	The higher of 7Y PDST-F at interest rate setting date which is one (1) banking day prior to issue date plus a spread of 1.625% or 5.675% for the first 7 years; repricing for the last 3 years), the higher of 3-year PDST-F plus a spread of 1.625% or initial interest rate	Availed on April 30, 2014, payable in quarterly installments within 10 years to commence 1 year after the first interest payment date with final repayment in January 30, 2024; contains negative pledge	**489,747**	494,211
Carrying value (net of unamortized debt issue costs of ₱14.94 million and ₱16.43 million in 2015 and 2014, respectively)			**₱2,955,059**	₱2,983,571

In 2015, principal repayments made relative to TA Oil's loans amounted to ₱30.00 million.

TA Oil's loan with CBC has an embedded interest rate floor that required to be bifurcated. In 2014, the Company recognized a loss on derivatives and derivative liability amounting to ₱12.10 million. The derivative liability was closed out to the balance of the loan in 2014 upon drawdown.

TA Oil's long-term loans also contain prepayment provisions as follows:

Description	Prepayment provision
₱1.50 billion loan with CBC	Early redemption is at the option of the issuer exercisable anytime at par plus break-funding cost. Break-funding cost on principal repayment shall be based on the difference between the contracted interest rate and the comparable benchmark rate. The negative difference shall be multiplied by the prepaid amount and the remaining tenor to come up with break-funding cost, which in no case is less than zero.

Description	Prepayment provision
₱1.00 billion loan with SBC	Early redemption is at the option of the issuer exercisable on an interest payment date every anniversary starting from the 7th year from Issue date. Prepayment amount is at par. Transaction cost is minimal.
₱0.50 billion loan with BDO	Early redemption is at the option of the issuer exercisable on an interest payment date every anniversary starting from the 7th year from Issue date. Prepayment amount is at par. Transaction cost is minimal.

The prepayment option on the loans with CBC and BDO were assessed as closely related and, thus, not required to be bifurcated. For the loan with SBC, the prepayment option was assessed as not closely related but was not bifurcated because the prepayment option has nil or very minimal value since it is deeply out of the money.

Covenants. Under the loan agreements, TA Oil has certain restrictions and requirements principally with respect to maintenance of required financial ratios and material change in ownership or control.

Description	Covenants
₱1.50 billion loan with CBC	(a) Minimum DSCR of 1.0 times after Grace Period up to Loan Maturity (b) Maximum Debt to Equity ratio of 1.5 times
₱1.00 billion loan with SBC	(a) Minimum DSCR of 1.0 times after Grace Period up to Loan Maturity (b) Maximum Debt to Equity ratio of 2.0 times (c) Minimum Current ratio of 1.0 times
₱0.50 billion loan with BDO	(a) Minimum DSCR of 1.0 times after Grace Period up to Loan Maturity (b) Maximum Debt to Equity ratio of 1.5 times

In addition, there is also a restriction on the payment or distribution of dividends to its stockholders other than dividends payable solely in shares of its capital stock if payment of any sum due the lender is in arrears or such declaration, payment or distribution shall result in a violation of the financial ratios prescribed.

As at December 31, 2015 and 2014, the Company is in compliance with the terms as required in the loan covenants.

Total interest expense recognized on long-term loans amounted to ₱420.29 million in 2015 and ₱247.10 million in 2014, of which ₱111.05 million was capitalized to the wind farm (see Notes 12 and 26).

20. **Equity**

Capital Stock

Following are the details of the Parent Company's capital stock:

	Number of Shares	
	2015	2014
Authorized capital stock - ₱1 par value	**8,400,000,000**	8,400,000,000
Issued and outstanding:		
Balance at beginning of year	**4,865,146,089**	4,863,862,757
Issuance during the year:		
Exercise of stock options (see Note 21)	**–**	1,283,332
Balance at end of year	**4,865,146,089**	4,865,146,089

The issued and outstanding shares as at December 31, 2015 and 2014 are held by 3,224 and 3,254 equity holders, respectively.

On November 16, 2009, in a special stockholders' meeting, the Parent Company's stockholders approved the increase in the Parent Company's authorized capital stock from ₱2.0 billion divided into 2 billion shares, to ₱4.2 billion divided into 4.2 billion shares which shall be funded through SRO. On March 30, 2011, the SEC approved the SRO of 1.165 billion shares of the Parent Company at the rate of seven shares for every 10 shares held as at record date of May 18, 2011, at a price of ₱1 per share. The offer period commenced on May 30, 2011 and ended on June 3, 2011. Total proceeds raised from the SRO, net of direct costs incurred, amounted to ₱1.15 billion. The proceeds were used to partially finance the Company's equity investment in SLTEC and MGI.

On March 20, 2012, the Parent Company's stockholders approved the increase in the authorized capital stock from ₱4.2 billion divided into 4.2 billion shares with par value of ₱1 per share to ₱8.4 billion divided into 8.4 billion shares with a par value of ₱1 per share which shall be funded by a stock rights offering. On September 26, 2012, the Parent Company filed with the SEC Form 10.1 Notice of / Application for Confirmation of Exempt Transaction covering the common shares to be issued relative to the Company's Rights Offer, pursuant to Sections 10.1 (e) and 10.1 (i) of the Securities Regulations Code (SRC) under which the exemption is based. On October 3, 2012, the SEC approved the stock rights offering of 1.42 billion shares of the Parent Company at the rate of one (1) share for every two (2) shares held as at record date of November 7, 2012 at a price of ₱1 per share. The offer period commenced on November 14, 2012 and ended on November 20, 2012. The Parent Company also offered an additional 212.25 million shares to meet additional demand from eligible stockholders ("Overallotment Option"). Total proceeds raised from the SRO, net of direct costs incurred, amounted to ₱1.61 billion. The proceeds were used to finance its equity investments in a 54 MW wind energy project in San Lorenzo, Guimaras and the second 135 MW clean coal-fired power plant in Calaca, Batangas, and other power project opportunities.

The following table presents the track record of registration of capital stock:

Date of SEC Approval	No. of shares Registered	No. of shares Issued	Par Value	Issue/ Offer Price
08-Feb-69	2,000,000,000	1,000,000,000	₱0.01	₱0.01
22-Jul-75	2,000,000,000	937,760,548	0.01	0.01
16-Jul-79	6,000,000,000	6,058,354,933	0.01	0.01
12-Feb-88	10,000,000,000	7,643,377,695	0.01	0.02
08-Jun-93	10,000,000,000	8,216,141,069	0.01	0.01
15-Jul-94	70,000,000,000	50,170,865,849	0.01	0.01
24-Aug-05	1,000,000,000	264,454,741	1.00	1.00
06-Jun-11	2,200,000,000	1,165,237,923	1.00	1.00
12-Nov-12	4,200,000,000	2,027,395,343	1.00	1.00

Retained earnings

The Company's retained earnings balance amounted to ₱2.85 billion and ₱2.13 billion, respectively, as at December 31, 2015 and 2014. Retained earnings not available for declaration to the extent of (a) undistributed earnings of subsidiaries, associates and joint venture included in the Company's retained earnings amounting to ₱935.64 million and ₱485.23 million as at December 31, 2015 and 2014, respectively, and (b) cost of treasury shares amounting to ₱28.79 million as at December 31, 2015 and 2014.

Other Equity Reserve

This account consists of:

	2015	2014
Other equity reserves from joint venture [a]	**₱19,144**	₱19,144
Other equity reserve from Stock Option Plan [b]	**14,661**	15,324
Effect of distribution of property dividends - TA Petroleum shares [c]	**1,108**	1,523
	₱34,913	₱35,991

a. This relates to the accumulated share in expenses directly attributable to issuance of stocks of SLTEC, one of the Parent Company's joint ventures (see Note 13).

b. This reserve is used to recognize the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration in accordance to the Stock Option Plan (see Note 21).

c. This represents the impact of the property dividend distribution in the form of TA Petroleum shares on the equity attributable to equity holders of the Parent Company when the Parent Company's ownership interest decreased but did not result in loss of control. The Parent Company's effective ownership in TA Petroleum decreased from 100% to 50.97% in 2014.

Dividends declared
Cash dividends declared in 2015, 2014 and 2013 are as follows:

	Dividend			
Date of Declaration	Type	Rate	Amount	Record Date
March 21, 2013	Cash	0.04 per share	₱194,318*	April 8, 2013
July 22, 2013	Cash	0.013/0.0385 per share	64,057	August 5, 2013
March 24, 2014	Cash	0.04 per share	194,555	April 7, 2014
February 23, 2015	**Cash**	**0.04 per share**	194,602	**March 9, 2015**

**Includes dividends on shares held by TA Power.*

On February 23, 2016, the Parent Company declared cash dividends at a rate of ₱0.04 per share for stockholders of record of March 9, 2016 payable on March 23, 2016.

21. Employee Stock Options and Executive Stock Grants

On April 2, 2007, the Company's BOD and stockholders approved a total of 100 million shares to be taken from the then unsubscribed portion of the Company's 2 billion authorized shares to be awarded as follows: (a) stock grants for officers and managers of the Company; and (b) stock options for directors, officers and employees of TA Oil and its subsidiaries and affiliates under the terms and conditions as determined by the Executive Committee of the BOD.

The exercise of such grants and options are subject to the following terms and conditions:

Stock Grants
The executive stock grants are given to officers and managers of the Company computed at a predetermined percentage of their variable compensation pay based on certain performance criteria.

Stock Options
Following are the specific terms of the Company's Stock Option Plan:

Coverage	Directors, permanent officers and employees of TA Oil and its subsidiaries and affiliates
Exercise price	At weighted average closing price for 20 trading days prior to grant date but should not be lower than par value of ₱1.00 per share
Vesting period	• Up to 33% of the allocated shares on the 1st year from the date of grant; • Up to 66% of the allocated shares on the 2nd year from the date of grant; and • Up to 100% of the allocated shares on the 3rd year from the date of grant.
Right to Exercise Option	Continuous employment required. In the event of resignation, termination or retirement, the optionee shall be entitled only to the options due him/her up to the effectivity of separation. Full payment is required prior to separation date. In the event of death of optionee, his/her heirs, executors, or administrators shall have the right to exercise the balance of options granted and pay in cash.

On May 7, 2008, the Company's Stock Option Committee suspended the implementation of the Stock Option Plan. The Committee also decided to implement only the Company's Stock Grant for its executives which resulted in the issuance of 0.70 million shares in 2013 and 0.14 million shares in 2012. No stock grants have been granted and awarded to any of the executives of the Company in 2015 and 2014.

On July 22, 2013, the grant date, the Company lifted the suspension of the Stock Option Plan and awarded additional options under the same plan. Exercise price is ₱2.29 per share.

The following illustrates the number of outstanding stock options:

	2015	2014
Outstanding at January 1	**33,785,351**	35,666,684
Forfeited during the year	**(4,614,404)**	(598,001)
Exercised during the year* (see Note 20)	–	(1,283,332)
Outstanding at December 31	**29,170,947**	33,785,351
Exercisable at December 31	–	19,146,140

**The weighted average stock price at the date of exercise of these options was ₱2.43 in 2014.*

The remaining contractual life for the stock options outstanding as at December 31, 2015 and 2014 is 0.55 years and 1.55 years, respectively.

The fair value of options granted in 2013 amounted to ₱23.03 million.

A summary of the stock option plan for the years ended December 31 follows:

2015	Vesting date	July 22, 2013	July 22, 2014	July 22, 2015
	Vesting shares	14,030,101	13,420,991	11,666,741
2014	Vesting date	July 22, 2013	July 22, 2014	July 22, 2015
	Vesting shares	14,030,101	13,420,991	12,506,044

The fair value of the options granted is estimated at the date of grant using binomial method, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used for the Stock Option Plan in 2013:

	33.33% vesting on July 22, 2013	33.33% vesting on July 22, 2014	33.33% vesting on July 22, 2015
Spot price	₱2.40	₱2.40	₱2.40
Exercise price	2.29	2.29	2.29
Risk-free rate	2.162%	2.162%	2.162%
Expected volatility	31.25%	31.25%	31.25%
Term to vesting	3 years	3 years	3 years
Fair value of stock options	₱0.5472 per option	₱0.5472 per option	₱0.5472 per option

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

Equity-based compensation expense recognized by the Company under "Salaries and directors' fees" account amounted to ₱1.86 million, ₱7.59 million and ₱12.28 million in 2015, 2014 and 2013, respectively (see Note 24).

Carrying value of the stock option plan recognized under the "Other equity reserve - stock option plan" account in the equity section of the consolidated statements of financial position amounted to ₱14.66 million and ₱15.32 million as at December 31, 2015 and 2014, respectively.

22. Costs of Sale of Electricity

	2015	2014 (As Restated - Note 3)	2013 (As Restated - Note 3)
Cost of power purchased	**₱9,870,218**	₱7,557,683	₱6,836,791
Fuel (see Note 10)	**931,993**	1,714,211	1,629,392
Depreciation and amortization (see Notes 12, 15, 16 and 25)	**372,725**	140,908	81,335
Repairs and maintenance	**152,600**	53,146	50,928
Transmission costs	**144,715**	130,416	117,078
Insurance	**95,030**	47,240	15,352
Salaries (see Note 24)	**89,527**	58,757	37,744
Rental	**69,524**	47,323	811
Taxes and licenses	**29,083**	43,910	26,373
Pension and employee benefits (see Notes 24 and 28)	**18,171**	6,740	12,064
Station used	**17,968**	6,985	5,921
Filing fees	**483**	9,880	14
Others	**21,405**	12,589	5,806
	₱11,813,442	₱9,829,788	₱8,819,609

23. General and Administrative Expenses

	2015	2014	2013
Salaries and directors' fees (see Notes 21, 24 and 29)	**₱140,323**	₱98,070	₱85,909
Taxes and licenses	**113,700**	95,655	45,264
Management and professional fees (see Note 29)	**109,028**	63,762	108,306
Depreciation and amortization (see Note 12, 15, 16 and 25)	**24,391**	20,502	17,802
Bank charges	**17,121**	2,102	262
Building maintenance and repairs	**15,235**	14,399	13,041
Pension and employee benefits (see Notes 24 and 28)	**15,094**	18,088	15,420
Contractor's fee	**13,527**	11,450	–
Insurance, dues and subscriptions	**10,886**	12,115	18,268
Transportation and travel	**8,755**	6,801	5,303
Corporate social responsibilities	**6,353**	3,468	1,674
Other taxes and fees	**6,000**	–	20,682
Communication	**4,403**	2,951	1,972
Meeting and conferences	**3,506**	3,096	1,672
Donation and contribution	**3,392**	12,317	6,819
Rent	**3,224**	4,834	567
Office supplies	**2,886**	3,871	2,216
Advertisements	**2,150**	1,043	1,954
Entertainment, amusement and recreation	**121**	293	695
Others	**10,371**	11,317	1,340
	₱510,466	₱386,134	₱349,166

24. Personnel Expenses

	2015	2014	2013
Salaries and directors' fees included under:			
Costs of sale of electricity (see Note 22)	**₱89,527**	₱58,757	₱37,744
General and administrative expenses (see Note 23)	**140,323**	98,070	85,909
Pension and employee benefits included under:			
Costs of sale of electricity (see Notes 22 and 28)	**18,171**	6,740	12,064
General and administrative expenses (see Notes 23 and 28)	**15,094**	18,088	15,420
	₱263,115	₱181,655	₱151,137

25. Depreciation and Amortization

	2015	2014	2013
Property, plant and equipment (see Note 12)	**₱378,965**	₱149,329	₱97,176
Investment property (see Note 15)	**1,961**	1,961	1,961
Leasehold rights (see Note 16)	**16,190**	10,120	–
	397,116	161,410	99,137
Costs of sale of electricity (see Note 22)	**₱372,725**	₱140,908	₱81,335
General and administrative expenses (see Note 23)	**24,391**	20,502	17,802
	₱397,116	₱161,410	₱99,137

26. Other Income (Loss) - Net

	2015	2014	2013
Option fee [a](see Note 16)	**₱35,159**	₱–	₱–
Gain (loss) on derivatives - net (see Note and 34) [b]	**18,048**	(35,220)	31,159
Foreign exchange loss - net	**(20,880)**	(751)	(8,863)
Interest and other financial income (see Note 8)	**16,257**	6,113	14,541
Reversal of (provisions for - net):			
Impairment loss on AFS investments (see Notes 7 and 14)	**(12,424)**	–	(49,697)
Doubtful accounts (see Note 9)	**–**	(33,365)	(17,680)
Impairment loss on deferred exploration costs (see Note 16)	**–**	–	12,874
Inventory obsolescence	**–**	–	(487)
Gain on pre-existing relationship (see Note 5)	**–**	8,724	–
Gain (loss) on sale of:			
Property and equipment (see Note 12)	**(3,284)**	505	336
AFS investments (see Note 14)	**(18)**	404	622
Gain on remeasurement of previously held interest (see Note 5)	**–**	–	168,585
Gain on assignment of MPSA (see Note 16)	**–**	–	37,934
Gain on bargain purchase (see Note 5)	**–**	–	25,926
Others	**12,965**	4,034	8,390
	₱45,823	(₱49,556)	₱223,640

[a] *Under an agreement between TA Oil and Frontier Gasfields Pty. Ltd. (Frontier) dated June 3, 2010, Frontier shall pay the third and fourth tranche of the option fee within 10 days of the commencement of drilling operations for the first well under SC 55(see Note 16). Drilling operations started on July 31, 2015.*

[b] *Includes loss on embedded derivative on long-term loans amounting to ₱12.10 million in 2014 (see Note 19).*

In 2015, others include the reimbursements amounting to ₱13.06 million received from a third party in relation to certain expenses paid by the Company. In 2014, this includes sale of scrap materials amounting to ₱1.10 million and proceeds from issuance claims of ₱0.48 million.

<u>Interest and Other Financial Income</u>
The details of interest and other financial income are as follows:

	2015	2014	2013
Interest income on:			
Cash in banks	**₱234**	₱93	₱53
Short-term deposits and investments	**2,399**	2,498	32,345
Bonds	**–**	–	2,314
FXTNs and others	**836**	417	5,888
Net gains (losses) on investments held for trading:			
Fair value gains on investments held for trading	**12,788**	3,105	(11,766)
Gain (loss) on sale of investments in bond	**–**	–	(11,761)
Amortization of bond premium/discount - net	**–**	–	(2,532)
	₱16,257	₱6,113	₱14,541

<u>Interest and Other Finance Charges</u>
The details of interest and other finance charges are as follows:

	2015	2014	2013
Interest expense on:			
Short-term loans	**₱–**	₱19,426	₱1,108
Long-term loans*(see Note 19)	**420,289**	136,054	–
Amortization of debt issue cost (see Note 19)	**12,605**	2,091	–
Finance lease obligation (see Note 32)	**10,713**	–	–
Tax assessment	**4,282**	1,003	9,823
Asset retirement obligation	**371**	371	371
Security deposit	**–**	1,890	–
Others	**572**	7,298	364
Other finance charges	**648**	2,836	2,270
	₱449,480	₱170,969	₱13,936

**Net of accretion of interest expense of ₱1.61 million and ₱1.10 million for the years ended December 31, 2015 and 2014 as an effect of amortization of embedded derivatives (see Note 19).*

27. **Income Tax**

a. Current income tax pertains to the following:

	2015	2014	2013
RCIT	**₱221,416**	₱130,518	₱194,329
MCIT	**20**	1,427	1,094
	₱221,436	₱131,945	₱195,423

b. The components of the Company's net deferred income tax assets (liabilities) as at December 31 are as follows:

	2015	2014
Deferred income tax assets:		
Allowance for doubtful accounts	**₱17,965**	₱17,951
Pension and other employee benefits	**12,054**	8,356
Derivative liabilities	**2,817**	3,324
Unamortized past service cost	**2,534**	2,099
Asset retirement obligation	**2,056**	1,945
Accrued expenses	**1,658**	1,538
NOLCO	–	6,069
MCIT	–	1,431
Others	**1,008**	1,091
	₱40,092	₱43,804
Deferred income tax liabilities:		
Unrealized fair value gains on available-for-sale investments	**(₱4,165)**	(₱3,931)
Unamortized debt issue costs	**(3,621)**	(4,125)
Others	**(1,003)**	(549)
	(8,789)	(8,605)
Deferred income tax assets - net	**₱31,303**	₱35,199
Deferred income tax asset -		
Excess of cost over fair value of power plant	**₱2,421**	₱2,421
Deferred income tax liabilities:		
Excess of fair value over cost of power plant	**(120,604)**	(131,529)
Leasehold rights	**(22,059)**	(26,916)
Unamortized capitalized borrowing costs	**(2,312)**	(2,435)
Deferred income tax liabilities	**144,975**	160,880
Deferred income tax liabilities - net	**(₱142,554)**	(₱158,459)

The Company's deductible temporary differences and unused NOLCO for which no deferred income tax assets were recognized in the consolidated balance sheets are as follows:

	2015	2014
NOLCO	**₱129,030**	₱124,944
Allowance for impairment loss on property and equipment	**105,009**	105,009
Pension and other employee benefits	–	5,865
MCIT	**20**	1,141
	₱234,059	₱236,959

Deferred income tax assets have not been recognized on these temporary differences that relate to the subsidiaries as management believes it is not probable that sufficient future taxable profit will be available against which the related deferred income tax assets can be used. As at December 31, 2015, NOLCO totaling ₱129.03 million can be claimed as deduction from regular taxable income and MCIT amounting to ₱0.02 million can be credited against future RCIT due as follows:

Date Incurred	Expiry Date	MCIT	NOLCO
December 31, 2013	December 31, 2016	₱–	₱29,245
December 31, 2014	December 31, 2017	–	87,073
December 31, 2015	December 31, 2018	20	12,712
		₱20	₱129,030

NOLCO amounting to ₱21.72 million, ₱50.35 million and ₱46.69 million were applied against taxable income in 2015, 2014 and 2013, respectively. NOLCO amounting to ₱7.83 million, ₱7.44 million and ₱12.08 million expired in 2015, 2014 and 2013, respectively.

Excess of MCIT over RCIT incurred in 2013 and 2014 totaling to ₱2.58 million was deducted by the Company against its RCIT due for the year ended December 31, 2015.

The reconciliation between the effective income tax rates and the statutory income tax rates follows:

	2015	2014	2013
Applicable statutory income tax rates	**30.00%**	30.00%	30.00%
Increase (decrease) in tax rate resulting from:			
Dividend income exempt from tax	**(0.67)**	(0.65)	(0.33)
Equity in net losses of associates and joint venture	**(10.02)**	0.25	2.53
Net income under tax holiday	**(2.08)**	–	–
Nondeductible expenses	**1.43**	–	–
Movement in temporary differences, NOLCO, MCIT for which no deferred income tax assets were recognized and others	**0.08**	12.86	(10.40)
Effective income tax rates	**18.74%**	42.46%	21.80%

28. Pension and Other Employee Benefits

The Parent Company has a funded, noncontributory defined benefit retirement plan covering all of its regular and full time employees.

Pension and employee benefits consist of:

	2015	2014
Pension liability	**₱20,964**	₱18,795
Vacation and sick leave accrual	**21,824**	18,353
	42,788	37,148
Less current portion of vacation and sick leave accrual*	**8,975**	8,496
	₱33,813	₱28,652

**Included in "Accrued expenses" under Accounts payable and other current liabilities.*

Pension and other employee benefits included under "Costs of sale of electricity" and "General and administrative expenses" accounts in the consolidated statements of income, consist of the following:

	2015	2014	2013
Pension expense	**₱12,850**	₱9,834	₱12,912
Vacation and sick leave accrual	**3,906**	3,075	104
	₱16,756	₱12,909	₱13,016

The fund is managed by a trustee under the PHINMA Jumbo Retirement Plan. The carrying amount and fair value of the retirement fund of the Company amounts to ₱109.65 million and ₱97.01 million as at December 31, 2015 and 2014, respectively.

Changes in net defined benefit liability of funded plan in 2015 are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
At January 1, 2015	**₱115,801**	**₱97,006**	**₱18,795**
Pension expense in consolidated statement of income:			
Current service cost	**13,715**	**–**	**13,715**
Net interest	**3,408**	**4,273**	**(865)**
	17,123	**4,273**	**12,850**
Benefits paid	**(5,794)**	**(5,794)**	**–**
Remeasurements in other comprehensive income:			
Return on plan assets (excluding amount included in net interest)	**6,728**	**1,201**	**5,527**
Actuarial changes arising from changes in financial assumptions	**(3,247)**	**–**	**(3,247)**
	3,481	**1,201**	**2,280**
Contributions	**–**	**12,961**	**(12,961)**
At December 31, 2015	**₱130,611**	**₱109,647**	**₱20,964**

Changes in net defined benefit liability of funded plan in 2014 are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
At January 1, 2014, before effect of business combination	₱102,896	₱86,889	₱16,007
Effect of business combination	4,827	–	4,827
At January 1, 2014, as adjusted	107,723	86,889	20,834
Pension expense in consolidated statement of income:			
Current service cost	11,017	–	11,017
Net interest	3,297	4,480	(1,183)
	14,314	4,480	9,834
Benefits paid	(3,688)	(3,688)	–
Remeasurements in other comprehensive income:			
Return on plan assets (excluding amount included in net interest)	–	(3,636)	3,636
Actuarial changes arising from changes in financial assumptions	(2,548)	–	(2,548)
	(2,548)	(3,636)	1,088
Contributions	–	12,961	(12,961)
At December 31, 2014	₱115,801	₱97,006	₱18,795

Changes in net defined benefit liability of funded plan in 2013 are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
At January 1, 2013, before effect of business combination	₱43,759	₱29,875	₱13,884
Effect of business combination	58,014	43,450	14,564
At January 1, 2013, as adjusted	101,773	73,325	28,448
Pension expense in consolidated statement of income:			
Current service cost	11,716	–	11,716
Net interest	5,380	4,184	1,196
	17,096	4,184	12,912
Benefits paid	(3,811)	(3,811)	–
Remeasurements in other comprehensive income:			
Return on plan assets (excluding amount included in net interest)	–	(246)	246
Actuarial changes arising from changes in financial assumptions	(12,162)	–	(12,162)
	(12,162)	(246)	(11,916)
Contributions	–	13,437	(13,437)
At December 31, 2013	₱102,896	₱86,889	₱16,007

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The fair value of plan assets by each class as at December 31 follows:

	2015	2014	2013
Investments in:			
Equity instruments	**₱70,509**	₱65,282	₱62,760
Government securities	**29,512**	30,015	9,732
Deposit instruments	**–**	–	5,067
UITFs	**9,778**	1,704	2,240
Corporate bonds	**–**	–	1,156
Cash and cash equivalents	**17**	5	7,360
Liabilities	**(169)**	–	(1,426)
	₱109,647	₱97,006	₱86,889

Investments in government securities, mutual funds and UITFs can be readily sold or redeemed. Marketable equity securities, which can be transacted through the Philippine Stock Exchange, account for less than 1% of plan assets; all other equity securities are transacted over the counter.

The plan assets include shares of stock of the Parent Company with fair value of ₱0.02 million and ₱0.01 million as at December 31, 2015 and 2014. The shares were acquired at a cost of ₱0.03 million. There are no restrictions or limitations on the shares and there was no material gain or loss on the shares for the years ended December 31, 2015 and 2014. The voting rights over the shares are exercised through the trustee by the retirement committee, the members of which are directors or officers of the Parent Company.

The plan assets have diverse investments and do not have any concentration risk.

The cost of defined benefit pension plans and other post-employment benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions.

The principal assumptions used in determining pension and post-employment benefit obligations for the defined benefit plans are shown below:

	2015	2014
Discount rate	**4.70%**	4.44%
Salary increase rate	**5.00%**	5.00%

There were no changes from the previous period in the methods and assumptions used in preparing sensitivity analysis.

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions were held constant:

		Increase (decrease)	Amount
Discount rate	(Actual + 1.00%)	5.70%	(₱6,325)
	(Actual – 1.00%)	3.70%	7,374
Salary increase rate	(Actual + 1.00%)	6.00%	6,984
	(Actual – 1.00%)	4.00%	(6,088)

The management performed an Asset-Liability Matching Study (ALM) annually. The overall investment policy and strategy of the Company's defined benefit plans is guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans. The Company's current strategic investment strategy consists of 64% of equity instruments, 27% fixed income instruments and 9% cash and cash equivalents.

The Company expects to contribute ₱12.96 million to the defined benefit pension plan in 2016.

The following table sets forth the expected future settlements by Plan of maturing defined benefit obligation as at December 31, 2015:

	Amount
Less than one year	₱52,256,969
More than one year to five years	58,490,753
More than five years to 10 years	56,174,171
More than 10 years to 15 years	42,190,002
More than 15 years to 20 years	43,113,699
More than 20 years	302,932,370

The average duration of the expected benefit payments at the end of the reporting period is 3 to 25 years.

29. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individual or corporate entities.

Outstanding balances at year-end are unsecured and settlement occurs in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. For years ended December 31, 2015 and 2014, the Company has not recorded any impairment of receivables on amounts owed by the related parties. The assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

In the ordinary course of business, the Company transacts with associates, affiliates, jointly controlled entities and other related parties on advances, loans, reimbursement of expenses, office space rentals, management service agreements and electricity supply. The transactions and balances of accounts as at and for the years ended December 31, 2015 and 2014 with related parties are as follows:

		2015			
Company	**Amount/ Volume**	**Nature**	**Outstanding Balance**	**Terms**	**Conditions**
Ultimate Parent					
PHINMA, Inc.					
Revenues	**₱969**	Rent and share in expenses	**₱16**	30-60 day ,non-interest bearing	Unsecured, no impairment
Costs and expenses	**73,489**	Management fees and share in expenses	**(31,698)**	30-day, non-interest bearing	Unsecured
Payable	–	Rental deposit	**(186)**	Non-interest bearing	Unsecured
Joint Ventures					
SLTEC					
Revenues	**154,260**	Sale of electricity, rent and share in expenses	**6,624**	30-day, non-interest bearing	Unsecured, no impairment
Cost and expenses	**2,338,331**	Purchase of electricity	**(491,978)**	30-day, non-interest bearing	Unsecured
Payable	–	Rental deposit	**(590)**	End of lease term	Unsecured
ACTA					
Advances	**7,537**	Advances for future subscription	**7,537**	Non-interest bearing	Unsecured, no impairment
Associates					
Asia Coal					
Receivable	–	Advances	**(254)**	Non-interest bearing	Unsecured
MGI					
Costs and expenses	**772,280**	Trading cost	**(81,618)**	30-day, non-interest bearing	Unsecured
Advances	**45,000**	Advances for future subscriptions	**45,000**	Non-interest bearing	Unsecured, no impairment
Receivable	**300**	Reimbursement	–		
Other Related Parties					
PHINMA Property Holdings Corporation (PPHC)					
Payable	–	Advances	**(171)**	30-60 day, non-interest bearing	Unsecured
PHINMA Corp.					
Revenues	**5,387**	Cash dividend and share in expenses	–		
Costs and expenses	**2,268**	Share in expenses	**(406)**	30-day, non-interest bearing	Unsecured
Payable	**9,864**	Purchase of dollar and euro	–		
Union Galvasteel Corp.(UGC)					
Revenue	**3,649**	Cash dividend	–		
T-O Insurance, Inc.					
Costs and expenses	**43,500**	Insurance expense	**(7,780)**	30-60 day, non-interest bearing	Unsecured
Prepaid expenses	**47,346**	Insurance expense	**(48,889)**	30-60 day, non-interest bearing	Unsecured
Receivable	**185**	Refund on overpayment	–		
Directors					
Costs and expenses	**29,063**	Director's fee and annual incentives	**(18,500)**	On demand	Unsecured
Stockholders					
Payable	**194,606**	Cash dividend	**(11,570)**	On demand	Unsecured
Receivable	–	Withholding tax on property dividend	**35**	On demand	Unsecured

2015

Company	**Amount/ Volume**	**Nature**	**Outstanding Balance**	**Terms**	**Conditions**
Due from related parties (see Note 9)			**₱6,640**		
Receivable from stockholders (see Note 9)			**35**		
Advances to associates and joint ventures (see Note 13)			**52,537**		
Due to related parties (see Note 18)			**(663,570)**		
Accrued directors and annual incentives (see Note 18)			**(18,500)**		
Due to stockholders			**(11,570)**		

2014

Company	Amount/ Volume	Nature	Outstanding Balance	Terms	Conditions
Ultimate Parent					
PHINMA, Inc.					
Revenues	₱718	Rent and share in expenses	₱40	30-60 day ,non-interest bearing	Unsecured
Costs and expenses	47,213	Management fees and share in expenses	(19,046)	30-day, non-interest bearing	Unsecured
Receivable	1,988	Advances	–		
Joint Ventures					
SLTEC					
Revenues	28,210	Sale of electricity, rent and share in expenses	209	30-day, non-interest bearing	Unsecured
Cost and expenses	174,867	Purchase of electricity	(192,353)	30-day, non-interest bearing	Unsecured
Payable	–	Rental deposit	(590)	End of lease term	Unsecured,
Associate					
Asia Coal					
Payable	–	Advances	(254)	Non-interest bearing	Unsecured
MGI					
Costs and expenses	699,933	Trading cost	(80,683)	30-day, non-interest bearing	Unsecured
Other Related Parties					
PPHC					
Payable	–	Advances	(171)	30-60 day, non-interest bearing	Unsecured, no impairment
PHINMA Corp.					
Revenues	5,390	Cash dividend and share in expenses	–		
Costs and expenses	2,247	Share in expenses	(159)	30-day, non-interest bearing	Unsecured
Payable	141,400	Advances	–		
UGC					
Revenue	760	Cash dividend	–		
Asian Plaza Inc.					
Revenue	942	Cash dividend	–		
Payable	94,300	Advances	–		
T-O Insurance, Inc.					
Costs and Expenses	111,840	Insurance expense	(1,525)	30-60 day, non-interest bearing	Unsecured
Receivable	163	Refund on overpayment	15	30-60 day, non-interest bearing	Unsecured , no impairment
Directors					
Expenses	15,797	Annual incentives	(12,518)	On demand	Unsecured
Stockholders					
Payable	193,562	Cash dividend	(9,135)	On demand	Unsecured
Receivable	–	Withholding tax on property dividend	35	On demand	Unsecured, no impairment
Due from related parties (see Note 9)			₱264		
Receivable from stockholders (see Note 9)			35		
Due to stockholders			(9,135)		
Accrued directors and annual incentives (see Note 18)			(12,518)		
Due to related parties (see Note 18)			(294,781)		

	2013				
Company	Amount/ Volume	Nature	Outstanding Balance	Terms	Conditions
Ultimate Parent					
PHINMA, Inc.					
Revenues	₱812	Rent and share in expenses	₱53	30-day, non-interest bearing	Unsecured, no impairment
Costs and expenses	61,457	Management fees and share in expenses	(34,961)	30-day, non-interest bearing	Unsecured
Joint Ventures					
SLTEC					
Revenues	2,516	Rent and share in expenses	133	30-day, non-interest bearing	Unsecured, no impairment
Payable	–	Rental deposit	(590)	End of lease term	Unsecured
Associate					
Asia Coal					
Payable	–	Advances	(254)	On demand	Unsecured
MGI					
Payable	731	Trading cost	(731)	30-day, non-interest bearing	Unsecured
Other Related Parties					
PPHC					
Payable	–	Advances	(171)	On demand	Unsecured
PHINMA Corp.					
Cash dividend	5,156	Dividend income	–		
Costs and expenses	938	Share in expenses	(5)	30-day, non-interest bearing	Unsecured
Payable	120,000	Share in expenses	–		
UGC					
Cash dividend	1,520	Dividend income	–		
Costs and Expenses	13	Roofing materials	–		
Asian Plaza Inc.					
Cash dividend	1,319	Dividend income	–		
Araullo University					
Advances	3,700	Advances	–		
T-O Insurance, Inc.					
Costs and Expenses	56,627	Insurance expense	(639)	30-day, non-interest bearing	Unsecured
Directors					
Expenses	19,658	Annual incentives	(17,973)	On demand	Unsecured
Stockholders					
Payable	194,318	Cash dividend	(5,851)	On demand	Unsecured
Payable	187,218	Cash and Property Dividend	(184,597)	Upon issuance of Certificate Authorizing Registration	Unsecured
Due from related parties (see Note 9)			₱186		
Due to related parties (see Note 18)			(37,351)		
Accrued directors and annual incentives (see Note 18)			(17,973)		
Due to stockholders			(190,448)		

PHINMA

The Parent Company and its subsidiaries TA Power, CIPP, TAREC and TA Petroleum have management contracts with Philippine Investment-Management (PHINMA), Inc. up to August 31, 2018 except for TA Power whose contract with PHINMA is up to 2016, renewable thereafter upon mutual agreement. Under these contracts, PHINMA has a general management authority with corresponding responsibility over all operations and personnel of the Company including planning, direction, and supervision of all the operations, sales, marketing, distribution, finance, and other business activities of the Company. Under the existing management agreement, the Parent Company pays PHINMA a fixed monthly management fee plus an annual incentive based on a certain percentage of the Parent Company's net income.

SLTEC

SLTEC leases and occupies part of the office space owned by the Parent Company. Monthly rent is based on a pre-agreed amount subject to 5% escalation rate per annum. The lease agreement is for a period of five years commencing on October 10, 2011. SLTEC reimbursed TA Oil for the cost of the coal power plant under construction and other costs incurred in relation to the coal project in 2011.

PHINMA Corporation

PHINMA Corporation is likewise controlled by PHINMA, INC. through a management agreement. PHINMA Corporation bills the Parent Company for its share in expenses. The Parent Company also receives cash dividends received from PHINMA Corp. Phinma Corporation granted advances to TA Oil for its working capital requirements.

PHINMA Property Holdings Corporation (PPHC)/Union Galvasteel Corporation (UGC) [formerly Atlas Holding Corporation (AHC)]/Asian Plaza, Inc.

PPHC, UGC and Asian Plaza, Inc. are entities under common control. The Company receives cash dividend from these corporations.

T-O Insurance, Inc.

T-O Insurance, Inc. is likewise controlled by PHINMA, INC. through a management agreement. The Company insures its properties through T-O Insurance.

Directors

The Company recognized bonus to directors computed based on net income before the effect of the application of the equity method of accounting.

Retirement Fund

The fund is managed by a trustee under the Phinma Jumbo Retirement Plan. The fair value of the retirement fund of the Parent Company amounts to ₱109.65 million and ₱97.01 million as at December 31, 2015 and 2014, respectively (see Note 28).

The plan assets include shares of stock of the Parent Company with fair value ₱0.02 million and ₱0.01 million as at December 31, 2015 and 2014. The shares were acquired at a cost of ₱0.03 million. There are no restrictions or limitations on the shares and there was no material gain or loss on the shares for the years ended December 31, 2015 and 2014. The voting rights over the shares are exercised through the trustee by the retirement committee, the members of which are directors or officers of the Parent Company.

Compensation of Key Management Personnel

Compensation of key management personnel of the Company are as follows:

	2015	2014	2013
Short-term employee benefits	**₱70,181**	₱46,414	₱56,504
Post-employment benefits	**2,717**	2,471	581
	₱72,898	₱48,885	₱57,085

30. **Earnings Per Share**

Basic and diluted EPS are computed as follows:

	2015	2014	2013
	(In Thousands, Except for Number of Shares and Per Share Amounts)		
(a) Net income attributable to equity holders of Parent Company	**₱911,016**	₱182,591	₱572,795
Common shares outstanding at beginning of year (see Note 20)	**4,865,146,089**	4,863,862,757	4,857,258,870
Weighted average number of shares issued during the year	**–**	527,990	2,976,053
(b) Weighted average common shares outstanding	**4,865,146,089**	4,864,390,747	4,860,234,923
Basic/Diluted EPS (a/b)	**₱0.19**	₱0.04	₱0.12

The Company's stock options have no dilutive effect in 2015 and 2014. Also, the Company does not have any potential common share nor other instruments that may entitle the holder to common shares. Hence, diluted EPS is the same as basic EPS.

31. **Material Partly-Owned Subsidiaries**

Financial information of subsidiaries that have material non-controlling interest are provided below:

Proportion of equity interest held by non-controlling interests in 2015 and 2014 follows:

	Percentage of ownership (%)	
Name	**2015**	2014
TA Petroleum	48.86	49.03
Palawan55	33.89	34.01

Summarized statement of financial position as at December 31, 2015 and 2014 as follows:

2015

	TA Petroleum	**Palawan55**
Current assets	**₱118,179**	**₱2,228**
Noncurrent assets	**90,572**	**5,713**
Current liabilities	**539**	**59**
Total equity	**₱208,212**	**₱7,882**
Attributable to:		
Equity holders of the Parent Company	₱106,021106,480	₱5,211
Non-controlling interests	101,732	2,671

2014	TA Petroleum	Palawan55
Current assets	₱131,613	₱2,563
Noncurrent assets	87,520	5,781
Current liabilities	638	50
Total equity	₱218,495	₱8,294
Attributable to:		
Equity holders of the Parent Company	₱111,279	₱5,474
Non-controlling interests	107,216	2,820

Summarized statements of income and statements of comprehensive income for the year ended December 31, 2015 and 2014 as follows:

2015	**TA Petroleum**	**Palawan55**
Revenues	**₱1,304**	**₱10**
Expenses	**(11,554)**	**(354)**
Other income (expense) – net	**(35)**	**–**
Benefit from (Provision for) deferred income tax	**2**	**(68)**
Net loss	**₱10,283**	**₱412**
Total comprehensive loss	**₱10,283**	**₱412**
Net loss/ total comprehensive loss attributable to:		
Equity holders of the Parent Company	**5,259**	**272**
Non-controlling interests	**5,024**	**140**

2014	TA Petroleum	Palawan55
Revenues	₱119	₱11
Expenses	(14,249)	(250)
Other income – net	729	–
Benefit from deferred income tax	1	67
Net loss	₱13,400	₱172
Total comprehensive loss	₱13,400	₱172
Net loss/ total comprehensive loss attributable to:		
Equity holders of the Parent Company	11,208	163
Non-controlling interests	2,192	9

Summarized statements of cash flows for 2015 and 2014 as follows:

2015	**TA Petroleum**	**Palawan55**
Operating	**(₱10,278)**	**(₱332)**
Investing	**(27,743)**	**–**
Net decrease in cash and cash equivalents	**(₱38,021)**	**(₱332)**

2014		
Operating	(₱35,832)	(₱262)
Investing	57,882	–
Net increase (decrease) in cash and cash equivalents	₱22,050	(₱262)

There were no dividends paid to non-controlling interests for the year ended December 31, 2015.

32. Significant Laws, Commitments and Contracts

Electric Power Industry Reform Act (EPIRA)
Republic Act (R.A.) No. 9136, the EPIRA, and the covering Implementing Rules and Regulations (IRR) provide for significant changes in the power sector which include among others:

(1) The unbundling of the generation, transmission, distribution and supply, and other disposable assets of the Company, including its contracts with independent power producers, and electricity rates;
(2) Creation of a WESM; and
(3) Open and non-discriminatory access to transmission and distribution systems.

The law also requires public listing of not less than 15% of common shares of generation and distribution companies within five years from the effectivity of the EPIRA. It provides cross-ownership restrictions between transmission and generation companies and between transmission and distribution companies, and a cap of 50% of its demand that a distribution utility is allowed to source from an associated company engaged in generation except for contracts entered into prior to the effectivity of the EPIRA.

There are also certain sections of the EPIRA, specifically relating to generation companies, which provide for a cap on the concentration of ownership to only 30% of the installed capacity of the grid and/or 25% of the national installed generating capacity.

The Company believes that it is in compliance with the applicable provisions of the EPIRA and its IRR.

Retail Competition and Open Access
Upon meeting all conditions set forth in RA 9136 Section 31, namely,

a) Establishment of WESM;
b) Approval of the unbundling of transmission and distribution wheeling charges;
c) Initial implementation of the cross subsidy scheme;
d) Privatization of at least (70%) of the total capacity of generating assets of NPC in Luzon and Visayas, and;
e) Transfer of the management of at least 70% of the total energy output of power plants under contract with NPC to the IPP Administrators, the Energy Regulatory Commission (ERC) promulgated last December 17, 2012 the Transitory Rules for the Retail Competition and Open Access (RCOA), by virtue of ERC Resolution No. 16 Series of 2012.

Through RCOA, licensed Electricity Suppliers such as TA Oil are empowered to directly contract with Contestable Customers (bulk electricity users with an average demand of 1 MW). This major development in the Power Industry enabled TA Oil to grow.

Secondary Price Cap
Significant events in November and December 2013 resulted in a surge of electricity prices that affected the end-consumers, which led the Energy Regulatory Commission to impose a supplemental regulatory cap, under the ERC Resolution 20, Series of 2014. The said resolution established a preemptive mitigating measure in the WESM meant to limit significant increases in the WESM prices.

The Secondary Price Cap imposes a Cumulative Price Threshold (CPT) amounting to ₱1,512,028.00 equivalent to the Generator Weighted Average Prices (GWAP) over a rolling seven-day period, or 168-hour trading interval, equivalent to an average spot price of ₱9,000/megawatt (₱9 per kWh) over the period. A breach of the CPT for the period triggers the imposition of a price cap amounting to P6,245/mWh [₱6.245 per kWh]. The market clearing price for the immediate trading interval following the breach will be pegged at the price cap and shall be maintained until after a determination that the succeeding GWAP rolling average is already below the CPT.

This regulatory cap was made permanent. and requires all trading participants in the WESM to comply. TA Oil and its subsidiaries that sell to WESM are subject to this cap.

Renewable Energy Act of 2008
On January 30, 2009, R.A. No. 9513, An Act Promoting the Development, Utilization and Commercialization of Renewable Energy Resources and for Other Purposes, which shall be known as the "Renewable Energy Act of 2008" (the Act), became effective. The Act aims to:

(1) Accelerate the exploration and development of Renewable Energy (RE) resources such as, but not limited to, biomass, solar, wind, hydro, geothermal and ocean energy sources, including hybrid systems, to achieve energy self-reliance, through the adoption of sustainable energy development strategies to reduce the country's dependence on fossil fuels and thereby minimize the country's exposure to price fluctuations in the international markets, the effects of which spiral down to almost all sectors of the economy;
(2) Increase the utilization of RE by institutionalizing the development of national and local capabilities in the use of RE systems, and promoting its efficient and cost-effective commercial application by providing fiscal and non-fiscal incentives;
(3) Encourage the development and utilization of RE resources as tools to effectively prevent or reduce harmful emissions and thereby balance the goals of economic growth and development with the protection of health and environment; and
(4) Establish the necessary infrastructure and mechanism to carry out mandates specified in the Act and other laws.

As provided for in the Act, RE developers of RE facilities, including hybrid systems, in proportion to and to the extent of the RE component, for both power and non-power applications, as duly certified by the DOE, in consultation with the Board of Investments, shall be entitled to incentives, such as, income tax holiday, duty-free importation of RE machinery, equipment and materials, zero percent VAT rate on sale of power from RE sources, and tax exemption of carbon credits, among others.

The Company expects that the Act may have significant effect on the operating results of TAREC, an RE developer. Impact on the operating results is expected to arise from the effective reduction in taxes.

Renewable Energy Service Contracts
In October 2009, TAREC was awarded 10 wind energy service contracts by the DOE, representing a total potential wind capacity of 227MW.

In February 2010, another 10 service contracts representing an additional 123MW of potential wind capacity were again awarded to TAREC by the DOE, thus, bringing its total potential wind capacity to 350MW as at December 31, 2010.

In 2011, 8 wind energy service contracts which represent 89 MW were applied for relinquishment pending the approval to the DOE due to poor wind resource and complexity of site topography as examined during site survey.

In 2012, TAREC continued the development activities on the 12 wind service contract areas with an aggregate capacity estimated at 400MW. This includes the 54MW San Lorenzo Wind Project which was then awaiting notification from the DOE for the project's inclusion in the 200 MW installation target for wind at that time.

On May 20, 2013, the DOE confirmed the Declaration of Commerciality of the 54 MW Wind Power project in San Lorenzo, Guimaras under WESC No. 2009-10-009. The DOE confirmation affirms the conversion of said WESC from Pre-Development to Commercial Stage.

On October 7, 2014, the 54 MW Wind Power project started delivering power to the grid from the commissioning operations of the first three (3) units of wind turbine generators.

On February 16, 2015, TAREC received from the DOE the confirmation of start of Commercial Operations of its 54MW San Lorenzo Wind Project commencing on December 27, 2014.

Feed-in-Tariff (FIT)
Pursuant to Section 7 of the Republic Act No. 9513 or the Renewable Energy Act of 2008, which mandates the establishment of the feed-in tariff system (FIT System) for electricity produced from wind, solar, ocean, run-of-river hydropower and biomass, the following regulations have been passed:

(i) Department Circular No. DC2013-05-0009, the Guidelines for the Selection Process of Renewable Energy Projects under Feed-In Tariff System and the Award of Certificate for Eligibility; prescribing the rules for eligibility of Renewable Energy Developer to avail of the FIT

(ii) ERC Resolution No. 10, Series of 2012, approved the FIT rates and equivalent degression rates for all Renewable Energy technologies entitle to FIT.

RE Technology	FIT Rate (PhP/kWh)	Degression Rate	Installation Target
Wind	8.53	0.5% after 2 years from effectivity of FIT	200
Biomass	6.63	0.5% after 2 years from effectivity of FIT	250
Solar	9.68	6% after 1 year from effectivity of FIT	50
Run-of-River Hydropower	5.90	0.5% after 2 years from effectivity of FIT	250

On April 7, 2015, the DOE issued a Certification on the Installation Target of Wind Energy Generation under the Feed-In Tariff (FIT) System which increased the installation target for wind energy generation under the FIT System from 200 MW to 400 MW.

On June 10, 2015, the 54 MW San Lorenzo Wind Power Project of TAREC was issued a Certificate of Endorsement for Feed-In Tariff Eligibility COE-FIT No. W-2015-05-004 by the DOE. By virtue of the endorsement, the 54 MW San Lorenzo Wind Power Project is qualified to avail of the FIT System, subject to the issuance by the DOE of a new installation target for wind energy generation projects.

On December 11, 2015, the Company received its Certificate of Compliance from the ERC for its 54 MW San Lorenzo Wind Project. The certificate entitles the Company to recognize its FIT at an approved rate of ₱7.40, with a retroactive period beginning December 27, 2014, for a guaranteed period of 20 years until December 26, 2034. Previously, power delivered to the grid were priced at spot rate. Thus, additional revenues amounting to ₱15.96 million due to the use of FIT rate for the power delivered from December 27 to 31, 2014 was recognized in 2015. Outstanding receivable under the FIT System amounted to ₱372.57 million as at December 31, 2015.

<u>Electricity Supply Agreement (ESA) with Guimelco</u>
On November 12, 2003 TA Oil signed an ESA with Guimelco, a nonstock, nonprofit cooperative (see Note 1) This was subsequently amended on July 26, 2004 and March 27, 2015. Under the ESA, TA Oil agreed to construct, operate and maintain a 3.4 MW bunker C-fired diesel generator power station and to supply Guimelco with electricity based on the terms and conditions set forth in the ESA. Following are the significant provisions of the ESA, among others:

Cooperation Period	Ten years, and may be extended pursuant to the ESA.
Electricity Fees	Electricity fees is based on a formula as set forth in the ESA and shall be payable monthly during the Cooperation Period.
Electricity Delivery Procedures	Guimelco must give priority to electricity generated by the Company's power station up to 1.8 MW, over any other power source.

The power plant commenced commercial operations on June 26, 2005.

MOA Between Power Sector Assets and Liabilities
<u>Management ("PSALM") Corporation and TAOil</u>
On October 30, 2013, PSALM Corporation conducted the third round of bidding for the Sale of Power Barges ("PB") 101, 102 and 103 (the "Power Barges"). SPC Island Power Corporation (SIPC) was declared the Highest Bidder, while TAOil was declared as the Second Highest Bidder. On November 8, 2013, PB 103 was de-moored and ran aground during the onslaught of Typhoon Yolanda resulting in damage to its hull and other equipment, which prompted SIPC to terminate its Asset Purchase Agreement with PSALM. At present, PB 101 and 102 are located at Bo. Obrero, Iloilo City while PB 103 is currently located at Keppel Subic Shipyard Inc., at Subic Zambales for purposes of cleaning and repairs.

Subsequently, PSALM and TAOil entered into negotiations for the sale of the Power Barges and on December 23, 2014, the parties entered into a MOA to provide for the terms and conditions for the sale of the Power Barges at the contract price of ₱420 million. The parties agreed to several conditions precedent to be observed prior to the transfer to TAOil of the Power Barges, which was to occur on February 21, 2015. However, the Closing Date of February 21, 2015 did not push through due to insufficiency of the documents submitted by PSALM and ongoing unresolved issues of PSALM with Keppel relative to PB 103. Trans-Asia notified PSALM that it is giving PSALM 45 days or until April 10, 2015 within which to submit the required documents to comply with the conditions under the MOA.

On July 7, 2015 both PSALM and TAOil have already delivered to each other their respective closing documents and TAOil paid to PSALM the purchase price in the amount of P420M. The official turnover of the Power Barges to TA Oil was held on July 8, 2015.

Ancillary Services Procurement Agreements (ASPA) -
National Grid Corporation of the Philippines (NGCP & TA Power)
On December 10, 2012, the NGCP and TA Power executed an ASPA. Under the ASPA, TA Power's Bulacan Power Plant will provide Contingency and Dispatchable Reserves to ensure reliability in the operation of the transmission system and the electricity supply in the Luzon Grid for five (5) years upon the effectivity of the provisional approval or final approval issued by the Energy Regulatory Commission (ERC).

In an Order dated February 25, 2013, the ERC provisionally approved the application filed by NGCP and Trans-Asia and which approval was extended every year thereafter.

Ancillary Services Procurement Agreements (ASPA) -
National Grid Corporation of the Philippines (NGCP & TA Oil)
On December 10, 2012, the NGCP and TA Oil executed an ASPA. Under the ASPA, One Subic's Power Plant will provide Contingency and Dispatchable Reserves to ensure reliability in the operation of the transmission system and the electricity supply in the Luzon Grid for five (5) years upon the effectivity of the provisional approval or final approval issued by the Energy Regulatory Commission (ERC).

In an Order dated February 25, 2013, the ERC provisionally approved the application filed by NGCP and Trans-Asia and which approval was extended every year thereafter.

Electricity Supply Agreements with Holcim
TA Oil, TA Power and Holcim entered into a MOA (as amended on January 12, 2010 and December 20, 2010) with the following provisions:

- TA Power shall supply exclusively the electricity requirements of the Bulacan plant of Holcim at rates equal to the agreed "Time of Use" rates schedule plus all other charges and applying such adjustments approved and in the manner prescribed by the ERC.

- TA Oil, acting as a retail electricity supplier, shall exclusively supply all the electricity requirements of Holcim's cement plant in La Union until 2013. TA Oil shall charge Holcim at rates equal to the agreed "Time of Use" schedule plus all other charges and applying such adjustments approved and in the manner prescribed by the ERC. Transmission charges shall be settled separately by Holcim with the TransCo under Holcim's Transmission Services Agreement.

- TA Oil and TA Power guarantee to cover all of Holcim's electricity requirements for both the La Union and Bulacan plants until 2013.

In August 2011, TA Oil and Holcim signed an ESA for Holcim's electricity requirements for its La Union and Bulacan plants, valid for 15 years commencing on December 26, 2013.

Power Administration and Management Agreement with One Subic Power
On November 18, 2010, TA Oil and One Subic Power, a third party entered into a PAMA. Under the terms of the PAMA, TA Oil will administer and manage the entire generation output of the 116 MW diesel power plant in Subic, Olongapo City. TA Oil will be selling or trading the entire capacity of the power plant, while operations will be under One Subic Power for a period of five years commencing on the commercial operation date (the date when the power plant is capable of supplying power to the Grid). TA Oil will pay One Subic Power for all electricity actually delivered by the power plant based on a formula (actual fuel consumption and electricity generated) as set forth in the PAMA and shall be payable monthly. The PAMA became effective on February 17, 2011.

Contract to Purchase Generated Electricity with Sem-Calaca Power Corporation
On March 26, 2011, the Company entered into a Contract to Purchase Generated Electricity with Sem-Calaca Power Corporation (Sem-Calaca) for a period of 3 years. Under the Contract, the Company agrees to purchase the 15 MW output of Sem-Calaca Power Plant.

On February 27, 2013, TA Oil amended the existing Contract to Purchase Generated Electricity. Under the new contract, TA Oil can purchase up to 45MW of electricity from Sem-Calaca's power plant. Moreover, TA Oil renewed the contract for another three years from February 1, 2013 to March 25, 2016.

Power Purchase Agreement with MGI
On September 16, 2011, the Company entered into an ESA with MGI under which the Company will purchase the entire net electricity output of MGI's power plant for a period of 20 years at an agreed price, subject to certain adjustments.

Power Purchase Agreement with SLTEC
On October 29, 2011, SLTEC signed the Omnibus Loan and Security Agreement with its local third party creditor banks with the Parent Company and AC Energy as Project Sponsors.

Under the terms of the Agreement, the Parent Company shall:

- enter into supply agreements with end users sufficient to cover such capacity required by SLTEC to break-even for two years, within 18 months from first drawdown. The consequence of failure is a draw-stop, which means SLTEC will not be able to draw on the loan;
- commit to provide advances to SLTEC in proportion to the Company's equity interest in SLTEC to fund the project cost of the SLTEC power plant project;
- guarantee jointly with AC Energy to redeem the loan in the event that SLTEC defaults on the loan, and lenders are not able to consolidate title to the project site because title to the properties have not been issued; and
- pledge its shares in SLTEC as security, and assign its offtake contracts to the lenders sufficient cover such capacity required by SLTEC to break-even.

Contracts of Sale of Electricity with Sorsogon I Electric Cooperative, Inc. (SORECO I) and Quezon I Electric Cooperative, Inc. (QUEZELCO)
On November 11, 2011 and December 8, 2011, TA Oil entered into Contracts of Sale of Electricity with SORECO I and QUEZELCO II, for a period of 12 months and five years, respectively, from December 26, 2011. The contract with QUEZELCO II provides an option to renew the contract for a period mutually agreed by both parties. The contract with SORECO I provides an option to renew for another 12 months subject to mutual agreement by both parties. In accordance with the contract, TA Oil shall supply 90% of QUEZELCO II's and all of

SORECO I's electricity requirements on an hourly basis using the market trading node of TA Oil's designated generator. The contract with SORECO I ended on December 25, 2012 and was not renewed.

Contract of Sale of Electricity with Lafarge Republic, Inc,
On July 9, 2012, TA Oil entered into Contract for the Sale of Electricity with Lafarge Republic, Inc. for a period of five years from December 26, 2012 to December 25, 2017. Under the said agreement, TA Oil shall supply all the electricity requirement of Lafarge Cement Plants (located in Bigte and Minuyan, Norzagaray, Bulacan and Mapulo, Taysan, Batangas) in excess of the Base-Load Supply.

Contract of Sale of Electricity with Lafarge Republic, Inc. (Teresa Cement Plant)
On November 4, 2013, TA Oil entered into Electricity Sale Contract with Lafarge Republic, Inc. for its Teresa Cement Plant. The contract was possible under the Retail Competition and Open Access Regime. TA Oil agreed to supply the peaking electricity requirements of the Lafarge Teresa facility until December 25, 2017.

Contract of Sale of Electricity with Lafarge Republic Aggregates Inc. (Lafarge BAAC)
On February 3, 2014 TA Oil entered into Electricity Sale Contract with Lafarge Republic Aggregates Inc. TA Oil agreed to supply all the electricity requirements of Lafarge BAAC until December 25, 2017.

Electricity Sale Contract with Direct Power Services, Inc. (DPSI)
On April 17, 2013, TA Oil entered into Electricity Sale Contract with Direct Power Services, Inc.

TA Oil agreed to supply all the electricity requirements of facilities supplied by Direct Power. The contract has duration of twelve (12) years.

Contract of Sale of Electricity with Philippine Economic Zone Authority (PEZA)

PEZA-Lot1 Base Load
TA Oil entered into Contract for the Sale of Electricity Lot 1 Base Load with PEZA on December 20, 2012 for a period of 5 years. Under the said agreement, TA Oil shall supply the Base Load electricity requirement of PEZA for its Cavite Economic Zone (CEZ). Delivery of electricity commenced on January 26, 2013.

PEZA-Lot 2 Shoulder and Peak Load
TA Oil entered into Contract for the Sale of Electricity Lot 2 Shoulder and Peak Load with PEZA for a period of 5 years. Under this agreement, TA Oil shall supply all of the electricity requirement of PEZA for its CEZ in excess of the base load supply. Delivery of electricity commenced on January 26, 2013.

Tripartite Agreement with PEZA and MERALCO
On January 24, 2013, TA Oil entered into a Tripartite Agreement with PEZA and MERALCO to facilitate the implementation of the Contract for the Sale of Electricity with PEZA before Retail Competition and Open Access. The agreement is effective from January 24, 2013 to June 25, 2013. The agreement was extended until 25 December 2016, pursuant to a letter sent by Meralco which was agreed by all parties.

Maibarara Geothermal, Inc. (MGI)
As Project Sponsor of the 20 MW Maibarara power plant project, TA Oil has provided a pledge on its shares in MGI, a guarantee to provide additional equity or advances to the Project in case of cost overruns and an assignment to the lenders of the Electricity Supply Agreement with MGI.

Electricity Sales Contract
On June 7, 2013, TA Oil entered into Electricity Sales Contract with BATELEC I Electric Cooperative, Inc. (BATELEC I) for a period of 5 years upon ERC approval. TA Oil will supply the Load Following Requirements of BATELEC I.

Power Sale Contract
On April 23, 2013, TA Oil entered into Power Sales Contract with KEPCO SPC Power Corporation (KEPCO) for a period of five years from May 2013 to April 2018. KEPCO agreed to supply TA Oil the Contract Quantity upon the terms and subject to the condition set out in the Power Service Contract.

Electricity Supply Agreement
On June 17, 2014, TA Oil entered into Electricity Sales Contract with Holcim Philippines, Inc. (Mabini Grinding Plant) for a period of 10 years. TA Oil agreed to supply the electricity requirements of Holcim Mabini.

Power Supply Agreement with the Region 8 Electric Cooperatives
On December 20, 2014, TA Oil also executed a separate Power Supply Agreement with each of the following cooperatives for a period of two (2) years (Dec. 26, 2014 to Dec. 25, 2016): a) Leyte II Electric Co., Inc. (LEYECO II); b) Leyte V Electric Co., Inc. (LEYECO V); c) Southern Leyte Electric Co., Inc. (SOLECO); d) Samar I Electric Co., Inc. (SAMELCO I); e) Samar II Electric Co., Inc. (SAMELCO II); f) Eastern Samar Electric Co., Inc. (ESAMELCO); and g) Northern Samar Electric Co., Inc. (NORSAMELCO); and for a period of one (1) year (Dec. 24, 2014 – Dec. 25, 2015): a) Don Orestes Romualdez Electric Co., Inc. (DORELCO); b) Leyte III Electric Co., Inc. (LEYECO III); c) Leyte IV Electric Co., Inc. (LEYECO IV); d) Biliran Electric Co., Inc. (BILECO).

Electricity Supply Agreement with Universal Robina Corp.
On September 3, 2014, TA Oil entered into Electricity Sales Contract with Universal Robina Corp (URC CMC Plant). TA Oil agreed to supply the electricity requirements Universal Robina for a period of 3 years.

Electricity Supply Agreement with Manila Water Company, Inc.
On April 30, 2015, TA Oil entered into a Contract for the Sale of Electricity with Manila Water Company, Inc. (MWCI). TA Oil agreed to supply the electricity requirements of MWCI for a period of 2 years starting on June 26, 2015.

Electricity Supply Agreement with American Wire Cables and Co.
On November 9, 2015, TA Oil entered into a Contract for the Sale of Electricity with American Wire Cables and Co.(AWCC). TA Oil agreed to supply the electricity requirements of AWCC for a period of 36 billing periods starting on May 26, 2016.

Electricity Supply Agreement with Mondelez Philippines, Inc.
On January 19, 2016, TA Oil entered into a Contract for the Sale of Electricity with Mondelez Philippines, Inc. TA Oil agreed to supply the electricity requirements of Mondelez Philippines, Inc. for a period of 36 billing periods. Delivery of electricity on will commence on February 26, 2016.

Administration Agreement for the 40 MW Strips
of the Unified Leyte Geothermal Power Plant (UL GPP)
On February 6, 2014, TAOil was officially declared a winning bidder of a 40 MW Strip of the UL GPP. Consequently, PSALM and TAOil, with conformity of the National Power Corporation entered into an Administration Agreement for the Selection and Appointment of the Independent Power Producer Administrators (IPPAs) for the Strips of Energy of the UL GPP. The term of the agreement is until 25 July 2021.

Operating Lease Commitments

TA Oil's lease agreement with Guimelco
The Parent Company has entered into a lease contract with Guimelco for a parcel of land used only as a site for electric generating plant and facilities. The term of the lease is 10 years with a renewal option included in the contract. The Parent Company is given the first option to buy the property if the lessor decides to sell the land. The lease is at a fixed monthly rate of ₱0.02 million for the duration of the lease term. On March 27, 2015, lease contract was extended for another 10 years. As at February 23, 2016, the new fixed monthly rate is still under negotiation.

One Subic's lease agreement with SBMA
The Company has a lease contract with SBMA for a parcel of land and electric generating plant and facilities. The lease was originally entered on July 20, 2010 and was valid for five years. The agreement was amended on October 24, 2012 to extend the term of the lease to July 19, 2020 with an option to renew for another five years. The Company is given the first option to buy the property if the lessor decides to sell the land. The lease is at a fixed monthly rate of $96,762 for the duration of the lease term. Future minimum lease payments under this operating lease agreement follows:

	2014
Within one year	₱56,703
After one year but not more than five years	226,814
	₱283,517

TAREC's Lease Agreement with Various Land Owners
The Company has entered into various lease agreements with individual land owners where the present value of the minimum lease payments does not amount to at least substantially all of the fair value of the leased assets, which indicates that the risks and rewards relates to the asset are retained with the land owners. These leases are classified as operating leases and have terms of 20 to 25 years. Future minimum lease payments under these agreements are as follows:

	2015
Within one year	₱–
After one year but not more than five years	1,636
More than five years	10,546
	₱12,182

Finance Lease

TAREC's Lease Agreement with Various Land Owners
The Company has entered into various lease agreements with individual land owners where the present value of the minimum lease payments amounted to at least substantially all of the fair value of the leased assets, which indicate that the risks and rewards relates to the assets are transferred to the Company. These leases are classified as finance leases and have terms of 20 to 25 years.

Future minimum lease payments under these agreements are as follows:

	2015
Within one year	₱3,106
After one year but not more than five years	50,496
More than five years	338,798
Total minimum finance lease payments	392,400
Less amount representing unamortized interest	333,524
Present value of net minimum finance lease payments	58,876
Less finance lease obligation maturing within one year	10,815
Noncurrent portion of finance lease obligation	₱48,061

Total interest expense on finance leases, amounting to ₱8.87 million for the year ended December 31, 2014, was capitalized to the wind farm (see Note 12).

In 2015, the Company recognized finance charges on finance leases amounting to ₱10.71 million included under "Interest and other finance charges" in the consolidated statement of income.

33. Financial Risk Management Objectives and Policies

Objectives and Investment Policies
The PHINMA Group Treasury manages the funds of the Company and invests in short-term deposits, marketable instruments, corporate promissory notes and bonds, government bonds, listed shares of stocks, and mutual and trust funds denominated in Philippine peso, U.S. dollar and Euro. It is responsible for the sound and prudent management of the Company's financial assets that finance the Company's operations and investments in enterprises.

PHINMA Group Treasury focuses on the following major risks that may affect its transactions:

- Foreign currency risk
- Credit or counterparty risk
- Liquidity risk
- Market risk
- Interest rate risk

Professional competence, prudence, clear and strong separation of office functions, due diligence and use of risk management tools are exercised at all times in the handling of the funds of the Company. An Investment Committee, which comprises some of the Company's BOD, reviews and approves policies, controls and strategies for investments and risk management.

Basic investment policies as approved by the Investment Committee are:

- Safety of principal
- Duration of investment must be consistent with the respective company's investment horizon based on needs as approved by the Investment Committee
- Exposure limits
    - For banks or fund managers: maximum 20% of total fund of each company per bank or fund
    - For Philippine peso investments: minimal corporate exposure except for registered bonds for non-affiliates
    - Limits on third currencies outside U.S. dollar, equities and offshore investments are set regularly and reviewed at least once a year by the Investment Committee
    - For total foreign currencies: maximum 50% of total portfolio
    - For investments in equities whether directly managed or managed by professional fund managers: limits are set as approved by the Investment Committee and based on current market outlook at the time of review.

Risk Management Process

Foreign Currency Risk
The PHINMA Group Treasury manages holdings of cash and securities not only in Philippine peso but also in U.S. dollar and other foreign currencies. Any depreciation of the U.S. dollar and other currencies against the Philippine peso posts material foreign exchange losses that will diminish the market values of these investments.

Foreign currency risk is managed through:

- Continual monitoring of global and domestic political and economic environments that have impact on foreign exchange.

- Regular discussions with banks to get multiple perspectives on currency trends/forecasts.

- Trading either by spot conversions and forward transactions on a deliverable or non-deliverable basis to protect values.

- Constant updating of the foreign currency holdings gains and losses to ensure prompt decisions if the need arises.

- Returns being calibrated on a per currency basis to account for the perceived risks with higher returns expected from weaker currencies.

The Company's significant foreign currency-denominated financial assets and financial liabilities as at December 31, 2015 and 2014 are as follows:

	2015		2014			
	US Dollar (US$)	**Euro (€)**	US Dollar (US$)	SG Dollar (SG$)	Euro (€)	GB Pound (£)
Financial Assets						
Cash and cash equivalents	**$31**	**€–**	$35	$–	€–	£–
Short-term investments	**194**	**–**	–	–	–	–
Other receivables	**147**	**–**	20	–	–	–
Other noncurrent assets	**–**	**–**	86	–	–	–
	372	**–**	141	–	–	–
Financial Liabilities						
Accounts payable and other current liabilities	**2,294**	**3**	8,995	1	2	36
Net foreign currency-denominated assets (liabilities)	**(1,922)**	**(3)**	(8,854)	(1)	(2)	(36)
Peso equivalent	**(₱90,449)**	**(₱155)**	(₱395,951)	(₱34)	(₱109)	(₱2,499)

In translating foreign currency-denominated financial assets and financial liabilities into Philippine Peso amounts, the exchange rate used were ₱47.060 to US$1.00 and ₱51.741 to €1.00 as at December 31, 2015 and ₱44.720 to US$1.00, ₱36.206 to AU$1.00, ₱33.696 to SG$1.00, ₱54.339 to €1.00 and ₱69.406 to £1.00 as at December 31, 2014.

The following tables demonstrate the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, of the Company's profit before tax (due to the changes in the fair value of monetary assets and liabilities) for the years ended December 31, 2015 and 2014. There is no impact on the Company's equity other than those already affecting the profit or loss. The effect on profit before tax already includes the impact of derivatives (see Note 34).

	Increase (Decrease) in	**Effect on Profit Before Tax**			
Year	**Foreign Exchange Rate**	**US$**	**(SG$)**	**Euro (€)**	**GBP (£)**
2015	(₱0.25)	**₱480**	**₱–**	**₱1**	**₱–**
	(0.50)	**961**	**–**	**1**	**–**
	0.25	**(480)**	**–**	**(1)**	**–**
	0.50	**(961)**	**–**	**(1)**	**–**
2014	(₱0.25)	₱2,214	₱–	₱1	₱9
	(0.50)	4,427	1	1	18
	0.25	(2,214)	(0)	(1)	(9)
	0.50	(4,427)	(1)	(1)	(18)

Credit or Counterparty Risk

Credit or counterparty risk is the r**isk** due to uncertainty in counterparty's ability to meet its obligations.

Credit or counterparty risk is managed through the following:

- Investments are coursed through or transacted with duly accredited domestic and foreign banks and mutual funds up to a maximum of 20% of the Company's investible funds. For UITF and mutual funds, fund placements cannot exceed 10% of the UITF's or mutual funds' total funds. Individual limits are further established for one bank or mutual fund on the basis of their valuation, financial soundness, business performance and reputation or expertise. Banks', UITF's and mutual funds' performance as well as their fund level, investment mix and duration are reviewed at least once a month or as often as required.

- Investments in nonrated securities are subject to a comprehensive credit and business review in coordination with sponsoring dealers or underwriters. For rated corporate bonds and sovereign bonds, credit ratings studies and updates from the major rating agencies are used as references (S & P, Moody's) in addition to a comprehensive credit and business review.

- For temporary investments in related parties, transactions are done on an arms-length basis taking into account the related parties' financial standing and ability to pay. Interest rates are based on a formula that considers the average of the borrowing and lending rates of the parties and maturity dates are strictly complied with.

- Discussions are done on every major investment by Treasury en banc before it is executed subject to the Chief Financial Officer (CFO) approval. Exposure limits are tracked for every transaction and a senior Treasury Officer supervises major transaction executions.

- Market and portfolio reviews are done at least once a week and as often as necessary should market conditions require. Monthly reports are given to the CFO with updates in between these reports as needed.

- A custodian bank for Philippine peso instruments and foreign currency instruments has been appointed based on its track record on such service and the bank's financial competence.

- Product manuals on new products are studied and reviewed to ensure that risks are identified and addressed prior to the endorsement of the new product for Investment Committee approval.

With respect to credit risk arising from the receivables of the Company, the Company's exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

	2015					
	Neither Past Due nor Impaired			**Past Due but not Impaired**	**Past Due Individually Impaired**	
	Class A	**Class B**	**Class C**			**Total**
Trade and other receivables						
Trade receivables	**₱1,958,805**	**₱–**	**₱–**	**₱1,475,075**	**₱20,473**	**₱3,454,353**
Due from related parties	**6,640**	**–**	**–**	**–**	**–**	**6,640**
Others	**4,616**	**–**	**–**	**21,174**	**42,659**	**68,449**
	₱1,970,061	**₱–**	**₱–**	**₱1,496,249**	**₱63,132**	**₱3,529,442**

	2014					
	Neither Past Due nor Impaired			Past Due but not Impaired	Past Due Individually Impaired	
	Class A	Class B	Class C			Total
Trade and other receivables						
Trade receivables	₱1,712,029	₱–	₱–	₱1,322,795	₱20,473	₱3,055,297
Due from related parties	264	–	–	–	–	264
Others	19,226	–	–	708	42,659	62,593
	₱1,731,519	₱–	₱–	₱1,323,503	₱63,132	₱3,118,154

The Company uses the following criteria to rate credit risk as to class:

Class	Description
Class A	Collateralized accounts with excellent paying habits
Class B	Secured accounts with good paying habits
Class C	Unsecured accounts

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, short-term investments, AFS investments, investments held for trading and derivative instruments, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Company's assessments of the credit quality of its financial assets are as follows:

- Cash and cash equivalents, short-term investments, derivative assets and investments held for trading were assessed as high grade since these are deposited in or transacted with reputable banks, which have low probability of insolvency.

- Listed and unlisted AFS investments were assessed as high grade since these are investments in instruments that have a recognized foreign or local third party rating or instruments which carry guaranty or collateral.

There are no significant concentrations of credit risk within the Company.

Liquidity Risk
Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price.

Liquidity risk is managed through:

- Restricting investments principally to publicly traded securities with a good track record of marketability and dealing only with large reputable domestic and international institutions.

- Continuous monitoring of the weekly and monthly cash flows as well as frequent updates of the annual plans of the Company.

- Investment maturities being spread on a weekly, monthly, and annual basis as indicated in the Company's plans. Average duration of investments should adhere to the investment parameters approved by the Investment Committee.

- When necessary, placements are pre-terminated or securities are liquidated; but this is largely avoided.

The tables below summarize the maturity profile of the Company's financial liabilities as at December based on contractual undiscounted payments:

	2015					
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**1 to 5 Years**	**More than 5 Years**	**Total**
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable[a]	**₱200,522**	**₱764,703**	**₱918,192**	**₱–**	**₱–**	**₱1,883,417**
Retention payable	–	**3,571**	–	–	–	**3,571**
Accrued expenses[b]	**34,916**	**30,948**	–	–	–	**65,864**
Accrued interest	–	**118,155**	–	–	–	**118,155**
Accrued directors' and annual incentives	–	**18,500**	–	–	–	**18,500**
Due to related parties	–	**663,570**	–	–	–	**663,570**
Others	**2,150**	**759**	**653**	–	–	**3,562**
Due to stockholders	**11,570**	–	–	–	–	**11,570**
Finance lease liability[c]	–	–	**3,106**	**50,496**	**338,798**	**392,400**
Long-term loans[d]	–	**164,180**	**339,771**	**3,797,207**	**6,260,219**	**10,561,377**
Other noncurrent liabilities[e]	–	–	–	**70,321**	–	**70,321**
	₱249,158	**₱1,764,386**	**₱1,261,722**	**₱3,918,024**	**₱6,599,017**	**₱13,792,307**

[a] *Excluding current portion of finance lease liability amounting to ₱10.82 million.*
[b] *Excluding current portion of vacation and sick leave accruals amounting to ₱8.98 million.*
[c] *Gross contractual payments.*
[d] *Including contractual interest payments.*
[e] *Excluding noncurrent portion of finance lease liability amounting to ₱48.06 million.*

	2014					
	On Demand	Less than 3 Months	3 to 12 Months	1 to 5 Years	More than 5 Years	Total
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable[a]	₱1,627	₱1,693,372	₱–	₱–	₱–	₱1,694,999
Accrued expenses[b]	5,512	23,400	–	–	–	28,912
Accrued interest	–	130,259	–	–	–	130,259
Accrued directors' and annual incentives	–	12,518	–	–	–	12,518
Due to related parties	425	184,170	110,186	–	–	294,781
Derivative liabilities	83	–	–	–	–	83
Others	2,151	3,080	–	–	–	5,231
Due to stockholders	9,135	–	–	–	–	9,135
Finance lease liability[c]	–	–	670	10,694	47,589	58,953
Long-term loans[d]	–	163,417	276,105	3,889,687	6,171,583	10,500,792
Other noncurrent liabilities[e]	–	–	–	32,456	–	32,456
	₱18,933	₱2,210,216	₱386,961	₱3,932,837	₱6,219,172	₱12,768,119

[a] *Excluding current portion of finance lease liability amounting to ₱0.32 million.*
[b] *Excluding current portion of vacation and sick leave accruals amounting to ₱8.50 million.*
[c] *Gross contractual payments.*
[d] *Including contractual interest payments.*
[e] *Excluding noncurrent portion of finance lease liability amounting to ₱49.81 million.*

As at December 31, 2015 and 2014, the profile of financial assets used to manage the Company's liquidity risk is as follows:

	2015				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**Over 12 Months**	**Total**
Loans and receivables:					
Cash and cash equivalents	**₱355,743**	**₱–**	**₱–**	**₱–**	**₱355,743**
Receivables:					
Trade	**1,368,305**	**2,086,048**	**–**	**–**	**3,454,353**
Due from related parties	**–**	**6,640**	**–**	**–**	**6,640**
Others	**63,759**	**4,690**	**–**	**–**	**68,449**
Refundable deposits and other receivables*	**–**	**–**	**–**	**101,002**	**101,002**
Financial assets at FVPL - Investments held for trading	**942,142**	**–**	**–**	**–**	**942,142**
Derivative assets:	**–**	**98**	**–**	**–**	**98**
AFS Investments:					
Quoted	**–**	**–**	**–**	**201,883**	**201,883**
Unquoted	**–**	**–**	**–**	**93,885**	**93,885**
	₱2,729,949	**₱2,097,476**	**₱–**	**₱396,770**	**₱5,224,195**

**Included in "Other noncurrent assets" account*

	2014				
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	Total
Loans and receivables:					
Cash and cash equivalents	₱541,571	₱–	₱–	₱–	₱541,571
Receivables:					
Trade	1,712,029	23,462	1,319,806	–	3,055,297
Due from related parties	264	–	–	–	264
Others	43,367	19,226	–	–	62,593
Refundable deposits*	–	–	26,222	–	26,222
Financial assets at FVPL - Investments held for trading	377,793	–	–	–	377,793
AFS Investments:					
Quoted	–	–	–	185,351	185,351
Unquoted	–	–	–	83,247	83,247
	₱2,675,024	₱42,688	₱1,346,028	₱268,598	₱4,332,338

**Included in "Other noncurrent assets" account*

Market Risk

Market risk is the risk that the value of an investment will decrease due to drastic adverse market movements that consist of interest rate fluctuations affecting bid values or fluctuations in stock market valuation due to gyrations in offshore equity markets or business and economic changes. Interest rate, foreign exchange rates and risk appetite are factors of a market risk as the summation of the three defines the value of an instrument or a financial asset.

Market risk is managed through:

- Constant review of global and domestic economic and financial environments as well as regular discussions with banks' economists or strategy officers are done to get multiple perspectives on interest rate trends or forecasts.

- Updates of the portfolio's local and foreign currency bonds' gains and losses are made as often as necessary.

- "Red Lines" are established then reviewed and revised as the need arises for major movements in the financial markets and are used to determine dealing parameters. Red lines are the strategic yield curves, bond prices or spreads that the Treasury Group uses as guides whether to buy, hold or sell bonds as approved by the Investment Committee or, in cases of high volatility, by the CFO.

- In cases of high volatility, dealers constantly give updates to approving authorities regarding changes in interest rates or prices in relation to strategies.

- Regular comparison of the portfolio's marked-to-market values and yields with defined benchmarks.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at December 31, 201 5 and 2014, the Company has fixed rate financial instruments measured at fair value.

The Company's exposure to interest rate risk relates primarily to long-term debt obligations that bear floating interest rate. The Company generally mitigates risk of changes in market interest rates by constantly monitoring fluctuations of interest rates and maintaining a mix of fixed and floating interest-bearing loans. Specific interest rate risk policies are as follows:

<u>TAREC</u>
TAREC entered into a ₱4.30 billion peso-denominated Term Loan Facility that will be used to partially finance the 54MW San Lorenzo Wind Farm. The loan facility is divided into two tranches amounting to ₱2.15 billion each – DBP as the Tranche A lender and SBC as the Tranche B lender.

Both tranches have a term of 15 years with semi-annual interest payments starting on the date on which the loan is made. The interest of Tranche A bears a fixed rate for the first ten years and is subject to an interest rate repricing on the last five years.

<u>TA Oil</u>
In 2014, the Parent Company also availed a total of peso-denominated ₱3.00 billion corporate notes and loan agreements from CBC, SBC and BDO to be used to fund its projects and working capital. SBC has a term of 5 years with quarterly payments starting on the 5th quarter drawdown. Both BDO and CBC have a term of 10 years with quarterly payments starting on the 5th quarter drawdown having fixed interest rates to be repriced for the last 3 years.

The following table sets out the carrying amount, by maturity of the Company's financial assets that are exposed to interest rate risk:

				2015			
	Interest Rates	**Within 1 Year**	**1–2 Years**	**2–3 Years**	**3-4 Years**	**Beyond 4 years**	**Total**
2014							
Long-term loans							
TAREC							
DBP	**6.25 - 8.36%**	**₱–**	**₱67,446**	**₱96,867**	**₱126,935**	**₱1,828,267**	**₱2,119,515**
SBC	**6.57 - 6.74%**	**–**	**72,890**	**100,402**	**130,547**	**1,811,089**	**2,114,928**
TA Oil							
BDO	**5.81 - 6.55%**	**9,445**	**9,427**	**9,407**	**9,385**	**452,083**	**489,747**
CBC	**5.68 - 7.13%**	**30,010**	**29,994**	**29,980**	**29,965**	**1,358,727**	**1,478,676**
SBC	**4.84 - 4.95%**	**19,004**	**18,979**	**18,951**	**929,702**	**–**	**986,636**
Special savings account (SSA)	**0.25-1.75%**	**253,438**	**–**	**–**	**–**	**–**	**253,438**
Special Deposit Accounts (SDA)	**0.45-1.13%**	**139**	**–**	**–**	**–**	**–**	**139**

				2014			
	Interest Rates	Within 1 Year	1–2 Years	2–3 Years	3-4 Years	Beyond 4 years	Total
2014							
Long-term loans							
TAREC							
DBP	6.25 - 8.36%	₱–	₱–	₱55,427	₱71,307	₱1,761,652	₱1,888,386
SBC	6.57 - 6.74%	–	–	63,911	90,311	1,732,665	1,886,887
TA Oil							
BDO	5.81 - 6.55%	4,730	9,179	9,426	9,407	461,469	494,211
CBC	5.68 - 7.13%	15,008	30,014	29,993	29,981	1,388,693	1,493,689
SBC	4.84 - 4.95%	9,517	18,523	18,979	18,951	929,702	995,672
Special savings account (SSA)	0.25-1.75%	366	–	–	–	–	366
Special Deposit Accounts (SDA)	0.45-1.13%	14	–	–	–	–	14

The other financial instruments of the Company that are not included in the preceding table are not subject to interest rate repricing and are therefore not subject to interest rate volatility.

The following tables demonstrate the sensitivity to a reasonably possible change in the interest rates, with all other variables held constant, of the Company's profit before tax for the years ended December 31, 2015 and 2014. There is no impact on the Company's equity other than those already affecting the profit or loss.

	2015	
	Increase (Decrease) in Basis Points	**Effect on Profit Before Tax**
Long-term loans	**25**	**(₱17,812)**
	(25)	**17,812**
SDA	**25**	**365**
	(25)	**(365)**
SSA	**25**	**507**
	(25)	**(507)**

	2014	
	Increase (Decrease) in Basis Points	Effect on Profit Before Tax
Long - term loans	25	(₱138,256)
	(25)	138,256
SDA	25	92
	(25)	(92)
SSA	25	4
	(25)	(4)

Equity Price Risk
Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Company's exposure to equity price risk relates primarily to its AFS investments.

The Company's policy is to maintain the risk to an acceptable level. Movement of share price is monitored regularly to determine impact on its financial position.

Based on the Company's expectation, the Company's assessment of reasonably possible change was determined to be an increase of 11.45% and 15.36% in 2015 and 2014, respectively, resulting in an increase in equity of ₱24.21 million and ₱30.59 million as at December 31, 2015 and 2014, respectively.

Monitoring of Risk Management Process
Risk management is regarded as a core competency, thus review of processes and approval processes including periodic audit are practiced and observed as follows:

- Weekly Treasury meetings are scheduled where approved strategies, limits, mixes are challenged and rechallenged based on current and forecasted developments on the financial and political events.

- Monthly portfolio reports are submitted to the CFO that includes an updated summary of global and domestic events of the past month and the balance of the year.

- Quarterly presentations of the investment portfolio are made to the Investment Committee to discuss and secure approvals on strategy changes.

- Annual teambuilding sessions are organized as a venue for the review of personal goals, corporate goals and professional development.

- One on one coaching sessions are scheduled to assist, train and advise personnel.

- Periodic review of Treasury risk profile and control procedures.

- Periodic specialized audit is performed to ensure active risk oversight.

Capital Management
The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or acquire long-term debts.

During 2014, the Company availed ₱3.00 billion loan agreement from CBC, SBC and BDO and a ₱4.30 billion peso-denominated Term Loan Facility with SBC and DBP (see Note 19). In relation to these agreements, the Company closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keeps the compliance of these covenants into consideration.

The following debt covenants are being complied with by the Company as part of maintaining a strong credit rating with its creditors:

<u>TA Oil</u>

CBC and BDO

(a) Minimum DSCR of 1.0 times after Grace Period up to Loan Maturity
(b) Maximum Debt to Equity ratio of 1.5 times

SBC

(c) Minimum DSCR of 1.0 times after Grace Period up to Loan Maturity
(d) Maximum Debt to Equity ratio of 2.0 times
(e) Minimum Current ratio of 1.0 times

<u>TAREC</u>
Under the Omnibus Loan Facility Agreement, the Company must maintain a Historical Debt Service Coverage Ratio of at least 1.20:1.00 and a Debt to Equity ratio of not exceeding 70:30. It also requires equity contributions from its shareholders amounting to ₱328.13 million for retention and contingencies.

Additional covenants prevent the Company in entering into any joint ventures, partnerships, or similar business combinations or arrangements. It also prohibits the Company from making payments of dividends or return of capital.

As at December 31, 2015, the Company is in compliance with the terms as required in the loan covenants.

34. **Fair Values**

The table below presents the carrying values and fair values of the Company's financial assets and financial liabilities, by category and by class, as at December 31, 2015 and 2014:

	2015			
		Fair Value		
	Carrying Value	**Quoted Prices in Active Markets (Level 1)**	**Significant Observable Input (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Asset				
Investments held for trading	**₱942,142**	**₱942,142**	**₱–**	**₱–**
AFS investments	**201,883**	**201,883**	**–**	**–**
Derivative assets*	**98**	**–**	**98**	**–**
Refundable deposits**	**29,268**	**–**	**–**	**28,643**
	₱1,173,391	**₱1,144,025**	**₱98**	**₱28,643**
Liability				
Long-term debt	**₱7,189,502**	**₱–**	**₱5,550,767**	**₱–**
Deposit payable and other liabilities****	**117,344**	**–**	**–**	**115,987**
	₱7,306,846	**₱–**	**₱5,550,767**	**₱115,987**

	2014			
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Asset				
Investments held for trading	₱377,793	₱377,793	₱–	₱–
AFS Investments	185,351	185,351	–	–
Refundable deposits**	28,531	–	–	23,712
	₱591,675	₱563,144	₱–	₱23,712
Liability				
Long-term debt	₱6,758,846	₱–	₱5,240,350	₱–
Derivative liabilities***	83	–	83	–
Deposit payable and other liabilities****	70,323	–	–	64,065
	₱6,829,252	₱–	₱5,240,433	₱64,065

**Included in "Other current assets" account*
***Included in "Other noncurrent assets" account*
****Included in "Accounts payable and other current liabilities" account*
*****Included in "Other noncurrent liabilities" account*

The following methods and assumptions are used to estimate the fair values of each class of financial instruments:

Cash and Cash Equivalents, Receivables, Accounts Payable and Other Current Liabilities and Due to Stockholders
The carrying amounts of cash and cash equivalents, receivables, accounts payable and other current liabilities and due to stockholders approximate their fair values due to the relatively short-term maturities of these financial instruments.

Investments Held for Trading
Net asset value per unit has been used to determine the fair values of investments held for trading.

AFS Investments
Quoted market prices have been used to determine the fair values of quoted AFS investments. The fair values of unquoted AFS investments are based on cost since the fair values are not readily determinable. The Company does not intend to dispose the unlisted AFS investments in the near future.

The fair value of derivative assets of freestanding forward currency transactions is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has no financial instruments measured at fair value using the level 3 hierarchy. Also, there were no transfers between level 1 and level 2 fair value measurements.

<u>Derivative Assets and Liabilities</u>

Currency Forwards
The Company entered into a forward foreign currency contracts with a bank with an aggregate notional amount of US$1.50 million and US$27.63 million in 2015 and 2014, respectively. All deliverable forwards were settled during the year. The weighted average fixing rate amounted to ₱44.72 to US$1.00 in 2015 and ₱43.74 to US$1.00 in 2014. The net fair value of these currency forwards amounted to ₱1.02 million gains and ₱7.80 million losses as at December 31, 2015 and 2014, respectively.

Embedded Derivatives
The Company has bifurcated embedded derivatives from its fuel purchase contracts. The purchases are denominated in U.S. dollar but the Company agreed to pay in Philippine peso using the average daily Philippine Dealing System weighted average rate of the month prior to the month of billing. These embedded derivatives are attributable to TA Oil.

The Company's outstanding embedded forwards have an aggregate notional amount of US$0.16 million and US$0.10 million as at December 31, 2015 and 2014, respectively. The weighted average fixing rate amounted to ₱47.65 to US$1.00 and ₱44.08 to US$1.00 as at December 31, 2015 and 2014, respectively. The net fair value of these embedded derivatives amounted to ₱0.10 and ₱0.08 million losses at December 31, 2015 and 2014, respectively.

The net movements in fair value changes of the Company's derivative instruments (both freestanding and embedded derivatives) are as follows:

	2015	2014
Balance at beginning of year	**(₱83)**	₱11,671
Net changes in fair value during the year	**18,048**	(9,022)
Fair value of settled contracts	**(17,867)**	(2,732)
Balance at end of year	**₱98**	(₱83)

The net changes in fair value during the year are included in the "Other income (loss) - net" account in the consolidated statements of income (see Note 26).

The fair value of derivative assets is presented under "Other current assets" account in the consolidated statement of financial position (see Note 11). The fair value of derivative liabilities is presented under "Accounts payable and other current liabilities" account in the consolidated statement of financial position (see Note 18).

35. Operating Segments

The Company is divided into two reportable operating segments based on the nature of the services provided - Power and Petroleum and Mining. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, certain operating expenses and finance-related results are managed on a group basis and are not allocated to operating segments.

	2015			
	Power	**Petroleum and Mining**	**Adjustments and Eliminations**	**Total**
Revenue	**₱13,456,926**	**₱–**	**₱13,244**	**₱13,470,170**
Costs and expenses	**12,067,022**	**18,820**	**238,066**	**12,323,908**
Results				
Provision for income tax	**–**	**–**	**(208,967)**	**(208,967)**
Interest and other financial charges	**(285,481)**	**–**	**(163,999)**	**(449,480)**
Interest and other financial income	**–**	**–**	**16,257**	**16,257**
Depreciation and amortization	**(377,245)**	**(546)**	**(19,325)**	**(397,116)**
Equity in net earnings of associates and joint ventures	**372,214**	**–**	**–**	**372,214**
Option fee	**–**	**35,159**	**–**	**35,159**
Marked-to-market gain on derivatives	**17,032**	**–**	**1,016**	**18,048**
Write down and loss (gain) on disposal of property, plant and equipment	**(5,255)**	**–**	**114**	**(5,141)**
Segment profit	**1,488,425**	**16,340**	**(389,946)**	**1,114,819**
Operating assets	**₱16,379,704**	**₱140,693**	**₱2,105,876**	**₱18,626,273**
Operating liabilities	**₱7,338,063**	**₱6,428**	**₱3,321,385**	**₱10,665,876**
Other disclosure				
Capital expenditure	**₱898,167**	**₱4**	**₱5,914**	**₱904,085**
Capital disposal	**9,750**	**–**	**2,179**	**11,929**
Investments and advances	**4,171,010**	**–**	**631**	**4,171,641**

a. Revenue for each operating segment does not include dividend and rental income amounting to ₱8.80 million and ₱4.45 million, respectively.

b. Costs and expenses for each operating segment does not include general and administrative expenses amounting to ₱238.07 million.

c. Profit for operating segment does not include foreign exchange loss, interest and other financial charges, impairment losses on AFS and marked to market gain on derivatives amounting to ₱196.28 million. Other income - net not included in the profit for operating segment includes interest income, gain on sale of property and equipment, loss on sale of AFS investments and miscellaneous income amounted to ₱31.16 million.

d. Segment assets do not include cash and cash equivalents and investments held for trading amounting to ₱1,297.88 million, receivables and other current assets totaling ₱302.39 million and noncurrent assets amounting to ₱505.60 million as these are managed on a group basis.

e. Segment liabilities do not include accounts payable and other current liabilities of ₱124.44 million, income and withholding taxes of ₱65.52 million, deferred income tax liabilities of ₱142.55 million, pension and other employment benefits of ₱33.81 million and short-term loans of ₱58.45 million. Long term loan amounting to ₱2,896.61 billion is not included in segment liabilities of operating segments.

f. Capital expenditure consists of additions to property, plant and equipment and acquisition through business combination. Investments and advances are consists of investments and cash advances to the Company's associates and joint ventures

	2014			
	Power	Petroleum and Mining	Adjustments and Eliminations	Total
Revenue	₱10,741,307	₱–	₱11,265	₱10,752,572
Cost and expenses	10,002,312	22,914	190,696	10,215,922
Results				
Provision for income tax	–	–	(133,119)	(133,119)
Interest and other financial charges	27,901	–	143,068	170,969
Interest and other financial income	–	–	6,113	6,113
Depreciation and amortization	143,168	506	17,734	161,408
Equity in net earnings in associates and joint venture	2,616	–	–	2,616
Provision for/(reversal of) impairment of doubtful accounts	(6,000)	39,365	–	33,365
Segment profit	703,348	(61,868)	(327,971)	313,509
Operating assets	₱14,808,574	₱138,583	₱1,644,202	₱16,591,359
Operating liabilities	₱6,043,390	₱6,093	₱3,319,754	₱9,369,237
Other disclosure				
Capital expenditure	₱4,501,660	₱340	₱16,002	₱4,518,002
Capital disposal	1,163	27	4,711	5,901
Investments in associates and joint ventures	3,746,831	–	631	3,747,462

a. Revenue for each operating segment does not include dividend and rental income amounting to ₱6.84 million and ₱4.42 million, respectively.

b. Costs and expenses for each operating segment does not include general and administrative expenses amounting to ₱190.70 million.

c. Profit for operating segment does not include foreign exchange loss and marked to market loss on derivatives amounting to ₱12.84 million. Other loss - net not included in the profit for operating segment includes interest income, interest and other financial charges, gain on sale of AFS and property and equipment and others amounted to ₱135.69 million.

d. Segment assets do not include cash and cash equivalents and investments held for trading amounting to ₱919.36 million, receivables and other current assets totaling ₱297.22 million and noncurrent assets amounting to ₱427.62 million as these are managed on a group basis.

e. Segment liabilities do not include accounts payable and other current liabilities of ₱102.63 million, income and withholding taxes of ₱46.44 million and net deferred income tax liabilities of ₱158.46 million. Long term loan and other noncurrent liabilities amounting to ₱2,983.57 million and ₱28.65 million are not included in segment liabilities of operating segments.

f. Capital expenditure consists of additions to property, plant and equipment and acquisition through business combination.

36. Supplemental Cash Flow Information

The following table shows the Company's non-cash investing and financing activities and corresponding transaction amounts for the year ended December 31, 2015 and 2014:

	2015	2014
Non-cash investing activities:		
Acquisition of property and equipment on account	**₱52,962**	₱443,540
Acquisition of property and equipment with sales contract previously under easements and right of way agreements	**7,908**	–
Acquisition of property and equipment under finance lease (see Note 12)	**3,962**	109,454
Capitalization of:		
Amortization of insurance expense	**3,224**	18,014
Borrowing costs	–	108,302
Rent expense on easements and right of way agreements	–	1,090
Rent expense on operating leases - parcels of land	–	632

37. Other Matter

As discussed in Note 20, on August 20, 2014, TA Oil distributed the cash and property dividends in the form of shares in TA Petroleum after securing SEC's approval of the registration and receipt of CAR from the BIR.

On October 22, 2014, TA Oil received from the BIR a Formal Letter of Demand (FLD) and Final Assessment Notice (FAN), assessing TA Oil for a total donor's tax due of ₱157.75 million inclusive of penalty and interest up to September 30, 2014.

On November 21, 2014, TA Oil and its independent legal counsel filed an administrative protest in response to the FLD, on the following grounds:

1) The dividend distribution is a distribution of profits by TA Oil to its stockholders and not a "disposition" as contemplated under Revenue Regulations Nos. 6-2008 and 6-2013 which would result in the realization of any capital gain of TA Oil;
2) TA Oil did not realize any gain or increase its wealth as a result of the dividend distribution; and
3) There was no donative intent on the part of TA Oil.

On May 27, 2015 TA Oil received from the BIR a Final Decision on Disputed Assessment (FDDA) dated May 26, 2015, denying the protest.

On June 25, 2015 TA Oil filed with the Court of Tax Appeals (CTA) a Petition for Review seeking a review of the FDDA and requesting the cancellation of the assessment.

On July 24, 2015 TA Oil received a letter from the BIR informing TA Oil that it will issue a Warrant of Distraint and/or Levy and Warrants of Garnishment for the assessed amount.

On July 29, 2015 TA Oil filed with the CTA an Urgent Motion to Suspend Collection of Taxes and for the Issuance of Temporary Restraining Order and/ or Writ of Preliminary Injunction. The motion was heard on August 10, 2015.

On October 20, 2015 the CTA issued a Notice of Resolution dated October 12, 2015 granting TA Oil's Motion to Suspend the collection of taxes, provided that it files a surety bond equivalent to one and one half (1 ½) times the amount to be collected.

On October 29, 2015, TA Oil filed the surety bond.

SGV
Building a better working world

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ey.com/ph

BOA/PRC Reg. No. 0001,
December 14, 2015, valid until December 31, 2018
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Trans-Asia Oil and Energy Development Corporation
Level 11, PHINMA Plaza
39 Plaza Drive, Rockwell Center
Makati City

We have audited, in accordance with Philippine Standards on Auditing, the consolidated financial statements of Trans-Asia Oil and Energy Development Corporation and Subsidiaries (collectively, the Company) as at December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015 included in this Form 17-A and have issued our report thereon dated February 23, 2016. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Company's management. These schedules are presented for purposes of complying with Securities Regulation Code Rule 68, As Amended (2011), and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-3 (Group A),
January 18, 2013, valid until April 30, 2016
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 5321664, January 4, 2016, Makati City

February 23, 2016

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
FORM 17-A, Item 7

**These schedules are either not required, not applicable or the information required to be presented is included in the Company's consolidated financial statements or notes to consolidated financial statements.*

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
Schedule A. Financial Assets
December 31, 2015

Name of Issuing Entity and Assocaition of each Issue	Number of Shares or Principal Amount of Bonds and Notes	Amount Shown in the Balance Sheet	Value Based on Market Quotations at Balance Sheet Date	Income Received and Accrued
Investment in Unit Investment Trust Fund and Money Market Fund (UITF & MMF)				
Banco De Oro	₱466,577,000	₱467,542,360	₱467,542,360	₱ -
China Banking Corporation	5,778,000	5,834,432	5,834,432	-
Rizal Commercial Banking Corp.	70,084,552	71,020,445	71,020,445	-
Bank of the Phil. Island	1,036,458	1,068,141	1,068,141	-
Security Bank Corporation	265,651,209	396,676,280	396,676,280	-
		942,141,658	942,141,658	-
Available-for-sale financial assets				
Phinma Corporation	12,788,708	149,621,013	149,621,013	5,115,482
Union Galvasteel Corp./Atlas Holdings Corporatic	1,462,999	27,579,355	27,579,355	3,648,914
Phinma Property Holdings Corporation	478,744,947	47,872,836	47,872,836	-
Asian Plaza, Inc.	37,684	18,433,158	18,433,158	-
Manila Golf & Country Club	1	39,000,000	39,000,000	-
Tagaytay Midlands Golf Club, Inc.	2	900,000	900,000	-
Alabang Country Club, Inc.	1	3,000,000	3,000,000	-
Evercrest Golf Club Resorts, Inc.	1	40,000	40,000	-
Puerto Azul Golf & Country Club, Inc.	1	40,000	40,000	-
Capitol Hills Golf & Country Club, Inc.	1	60,000	60,000	-
Metro Club A	2	400,000	400,000	-
Subic Bay Golf & Country Club	1	-	-	-
Tagaytay Highlands Golf Club, Inc.	1	500,000	500,000	-
Rockwell Club	1	1,200,000	1,200,000	-
Philam Tower Club	1	130,000	130,000	-
Camp John Hay	1	110,000	110,000	-
Aboitiz Equity Ventures, Inc.	800	46,360	46,360	888
Aboitiz Power Corporation	1,600	66,720	66,720	4,118
A. Soriano	179	1,212	1,212	314
Atlas Consolidated Mining	9,000	36,630	36,630	-
Ayala Corp.	500	378,000	378,000	1,200
Ayala Land	2,997	103,247	103,247	1,204
Banco de Oro	986	103,530	103,530	1,479
BPI	1,124	94,247	94,247	763
D & L Industries, Inc.	4,000	36,600	36,600	600
Del Monte Pacific Ltd.	5,972	80,264	80,264	-
Dharmala	367,200	-	-	-
Energy Development Corp.	6,000	37,200	37,200	1,260
First Generation Corp.	7,200	162,720	162,720	2,520
First Philippine Holdings Corporation	5,260	342,163	342,163	10,710
Globe Telecom, Inc.	30	55,560	55,560	-
Metropolitan Bank and Trust Company	1,693	136,287	136,287	-
Otto Energy Ltd.	6,556,331	4,717,734	4,717,734	-
Pepsi Cola	15,000	55,200	55,200	-
Philex Mining Corp "B	4,500	19,800	19,800	-
Philippine Long Distance Telephone Company	-	19,500	19,500	-
RCBC	1,000	33,000	33,000	-
Robinsons Retail Holdings	1,500	94,500	94,500	765
Security Bank	1,473	209,166	209,166	3,534
SSI Group	15,000	51,750	51,750	-
Vulcan	73,486	-	-	-
	-	-	-	-
		295,767,752	295,767,752	8,793,751
		₱1,237,909,410	₱1,237,909,410	₱8,793,751

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
December 31, 2015

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Noncurrent	Balance at End of Period
			Amount Collected	Amount Written-Off			

Not Applicable: The Company has no amounts receivable form directors, officers, employees, related parties and principal stockholders as at December 31, 2015.

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
Schedule C. Accounts Receivable from Related Parties which are eliminated during the consolidation of financial statements
December 31, 2015

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Deductions		Current	Noncurrent	Balance at End of Period
			Amount Collected	Amount Written-Off			
CIP II Power Corporation	₱9,366,371	₱7,302,355	(₱16,609,601)	₱ -	₱59,125	₱ -	₱59,125
Trans-Asia Power Generation Corporation	869,339,188	823,013,722	(1,316,465,710)	-	375,887,200	-	375,887,200
Trans-Asia Renewable Energy Corporation	48,961,368	472,305,690	(18,475,972)	-	502,791,086	-	502,791,086
Trans-Asia Gold & Minerals Dev. Corporation	-	-	-	-	-	-	-
Trans-Asia Petroleum Corporation	-	35	(35)	-	-	-	-
Palawan55 Exploration and Petroleum Corporation	-	-	-	-	-	-	-
Trans-Asia Wind Corporation	-	-	-	-	-	-	-
One Subic Power Generation Corporation	289,181	5,391,511	(5,680,692)	-	-	-	-
	₱927,956,108	₱1,308,013,313	(₱1,357,232,010)	₱ -	₱878,737,411	₱ -	₱878,737,411

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
Schedule D. Intangible Assets - Other Assets
December 31, 2015

Description	Beginning Balance	Additions At Cost	Deductions: Charged to Costs and Expenses	Deductions: Charged to Other Accounts	Other Changes- Additions (Deductions)	Ending Balance
Oil exploration and development costs:						
Service Contract (SC) No. 6	₱20,783,700	₱3,162,750	₱ -	₱ -	P -	₱23,946,450
SC 51	32,665,864	-	-	-	-	32,665,864
SC 55	5,713,210	-	-	-	-	5,713,210
SC 69	15,085,259	-	-	-	-	15,085,259
SC 52	30,437,173	-	-	-	-	30,437,173
SC 50	11,719,086	-	-	-	-	11,719,086
Geothermal Service Contract No 8 Mabini	-	7,336,763	-	-	-	7,336,763
Mineral exploration costs	-	-	-	-	-	-
	116,404,292	10,499,513	-	-	-	126,903,805
Allowance for probable losses	-	-	-	-	-	-
Total deferred exploration cost	116,404,292	10,499,513	-	-	-	126,903,805
Leasehold rights	89,719,800	-	(16,190,039)	-	-	73,529,761
Goodwill	234,152,394	-	-	-	-	234,152,394
	₱440,276,486	₱10,499,513	(₱16,190,039)	₱ -	P -	₱434,585,960

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
Schedule E. Long-Term Debt
December 31, 2015

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under Caption "Current Portion of Long-Term Debt" in related Statement of Financial Position	Amount shown under Caption "Long-Term Debt" in related Statement of Financial Position
Development Bank of the Philippines	₱2,150,000,000	₱ -	₱2,150,000,000
Security Bank Corporation	2,150,000,000	-	2,150,000,000
Security Bank Corporation	990,000,000	20,000,000	970,000,000
China Bank Corporation	1,485,000,000	30,000,000	1,455,000,000
Banco De Oro	495,000,000	10,000,000	485,000,000
Total	7,270,000,000	60,000,000	7,210,000,000
Derivative on long-term loans	9,388,490	1,662,477	7,726,013
Unamortized debt issue costs	(89,886,927)	(3,208,646)	(86,678,281)
	₱7,189,501,563	₱58,453,831	₱7,131,047,732

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
Schedule F. Indebtedbess to Related Parties (Long-Term Loans from Related Companies)
December 31, 2015

Name of Related Party	Balance at Beginning of Period	Balance at End of Period
Not Applicable: The Company has no indebtedness to related party as at December 31, 2015.		

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
Schedule G. Guarantees of Securities of Other Issuers
December 31, 2015

Name of Issuing Entity of Securities Guaranteed by the Company for which Statement is Filed	Title of Issue of Each Class of Securities Guaranteed	Total Amount Guaranteed and Outstanding	Amount Owned by the Company for which Statement is Filed	Nature of Guarantee
Not Applicable: The Company has no guarantees of securities of other issuers as at December 31, 2015.				

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES
Schedule H. Capital Stock
December 31, 2015

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversions, and Other Rights	Number of Shares Held By		
				Affiliates	Directors, Officers and Employees	Others
Common stock	8,400,000,000	4,865,146,089	84,930,164	2,578,330,366	61,425,101	2,225,390,622

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

DECEMBER 31, 2015
(Amounts in Thousands)

Retained earnings, beginning	₱1,726,556
Adjustment:	
Deferred income tax asset as at December 31, 2014	(31,189)
Unrealized FV gain of FVPL as at December 31, 2014	(376)
Retained earnings, beginning, as adjusted to amount available for dividend declaration, beginning	1,694,991
Add: Net income actually realized during the year	
Net income during the year closed to retained earnings	378,019
Add (deduct):	
Unrealized fair value gains on investments held for trading and derivative assets	(465)
Movement of recognized deferred income tax assets	9,546
Net income actually realized during the year	387,100
Less: Dividends declared during the year	(194,602)
Retained earnings available for dividend declaration, end	₱1,887,489

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION
AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE REQUIRED
UNDER SRC RULE 68, AS AMENDED (2011)

A. List of Philippine Financial Reporting Standards (PFRSs) effective as at December 31, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		X		
PFRSs Practice Statement Management Commentary				X
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	X		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	X		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			X
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			X
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			X
	Amendments to PFRS 1: Government Loans			X
	Amendment to PFRS 1: First-time Adoption of Philippine Financial Reporting Standards - Meaning of 'Effective PFRSs'			X
PFRS 2	Share-based Payment	X		
	Amendments to PFRS 2: Vesting Conditions and Cancellations	X		
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	X		
	Amendments to PFRS 2: Share-based Payment - Definition of Vesting Condition	X		
PFRS 3 (Revised)	Business Combinations	X		
	Business Combinations - Accounting for Contingent Consideration in a Business Combination	X		
	Business Combinations - Scope Exceptions for Joint Arrangements	X		
PFRS 4	Insurance Contracts	X		X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	X		X

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	X		X
	Amendments to PFRS 5: Changes in Methods of Disposal*	Not Early Adopted		
PFRS 6	Exploration for and Evaluation of Mineral Resources	X		
PFRS 7	Financial Instruments: Disclosures	X		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	X		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	X		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	X		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	X		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	X		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	X		
	Amendments to PFRS 7: Disclosures - Servicing Contracts*	Not Early Adopted		
	Amendments to PFRS 7: Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*	Not Early Adopted		
PFRS 8	Operating Segments	X		
	Amendments to PFRS 8: Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets	X		
PFRS 9	Financial Instruments*	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	X		
	Amendments to PFRS 10: Investment Entities	X		X
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception*	Not Early Adopted		
PFRS 11	Joint Arrangements	X		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations*	Not Early Adopted		

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PFRS 12	Disclosure of Interests in Other Entities	X		
	Amendments to PFRS 12: Investment Entities	X		X
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception*	Not Early Adopted		
PFRS 13	Fair Value Measurement	X		
	Amendment to PFRS 13: Short-term Receivables and Payables	X		
	Amendment to PFRS 13: Fair Value Measurement - Portfolio Exception	X		
PFRS 14	Regulatory Deferral Accounts*	Not Early Adopted		
Philippine Accounting Standards (PAS)				
PAS 1 (Revised)	Presentation of Financial Statements	X		
	Amendment to PAS 1: Capital Disclosures	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	X		X
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	X		
	Amendments to PAS 1: Disclosure Initiative*	Not Early Adopted		
PAS 2	Inventories	X		
PAS 7	Statement of Cash Flows	X		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	X		
PAS 10	Events after the Reporting Period	X		
PAS 11	Construction Contracts	X		X
PAS 12	Income Taxes	X		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	X		
PAS 16	Property, Plant and Equipment	X		
	Amendment to PAS 16: Property, Plant and Equipment - Revaluation Method - Proportionate Restatement of Accumulated Depreciation	X		X
	Amendment to PAS 16: Property, Plant and Equipment – Clarification of Acceptable Methods of Depreciation*	Not Early Adopted		
	Amendment to PAS 16: Agriculture - Bearer Plants*	Not Early Adopted		
PAS 17	Leases	X		
PAS 18	Revenue	X		

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as at December 31, 2015**		**Adopted**	**Not Adopted**	**Not Applicable**
PAS 19 (Revised)	Employee Benefits	X		
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures	X		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contributions	X		X
	Amendments to PAS 19: Regional Market Issue Regarding Discount Rate*	Not Early Adopted		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			X
PAS 21	The Effects of Changes in Foreign Exchange Rates	X		
	Amendment: Net Investment in a Foreign Operation			X
PAS 23 (Revised)	Borrowing Costs	X		
PAS 24 (Revised)	Related Party Disclosures	X		
	Amendments to PAS 24: Key Management Personnel	X		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			X
PAS 27 (Amended)	Separate Financial Statements	X		
	Amendments to PAS 27: Investment Entities	X		X
	Amendments to PAS 27: Equity Method in Separate Financial Statements*	Not Early Adopted		
PAS 28 (Amended)	Investments in Associates and Joint Ventures	X		
	Amendments to PAS 28: Investment Entities: Applying the Consolidation Exception*	Not Early Adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			X
PAS 32	Financial Instruments: Disclosure and Presentation	X		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	X		X
	Amendment to PAS 32: Classification of Rights Issues	X		X
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	X		
PAS 33	Earnings per Share	X		
PAS 34	Interim Financial Reporting	X		
	Amendments to PAS 34: Disclosure of information ‘elsewhere in the interim financial report’*	Not Early Adopted		

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
PAS 36	Impairment of Assets	X		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	X		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	X		
PAS 38	Intangible Assets	X		
	Amendments to PAS 38: Revaluation Method - Proportionate Restatement of Accumulated Amortization	X		X
	Amendments to PAS 38: Clarification of Acceptable Methods of Amortization*	Not Early Adopted		
PAS 39	Financial Instruments: Recognition and Measurement	X		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	X		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	X		X
	Amendments to PAS 39: The Fair Value Option	X		X
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	X		X
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	X		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	X		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	X		
	Amendment to PAS 39: Eligible Hedged Items	X		X
	Amendment to PAS 39: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting	X		X
PAS 40	Investment Property	X		
	Amendment to PAS 40	X		
PAS 41	Agriculture			X
	Amendment to PAS 41: Agriculture - Bearer Plants*	Not Early Adopted		
Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	X		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			X
IFRIC 4	Determining Whether an Arrangement Contains a Lease	X		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	X		X

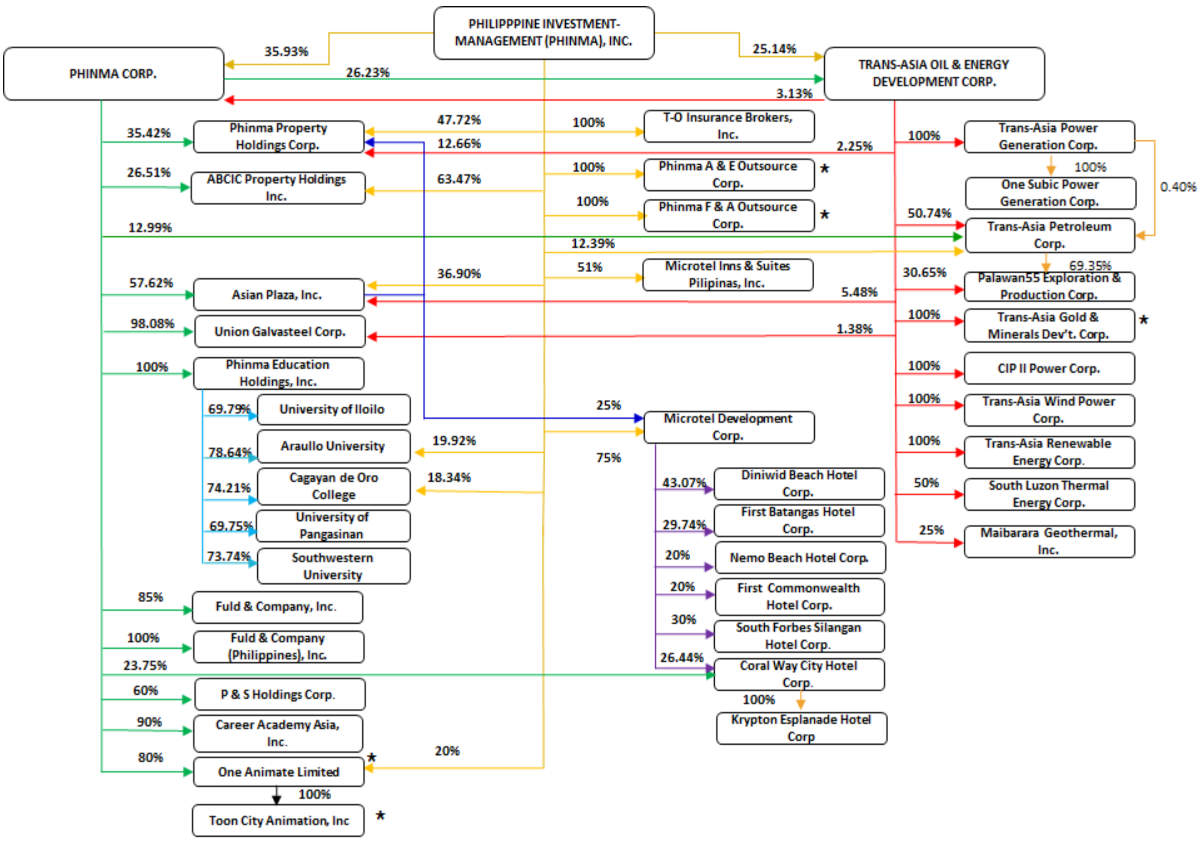
**Standards and interpretations which will become effective subsequent to December 31, 2015.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as at December 31, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment	X		X
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			X
IFRIC 8	Scope of PFRS 2	X		
IFRIC 9	Reassessment of Embedded Derivatives	X		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	X		
IFRIC 10	Interim Financial Reporting and Impairment	X		
IFRIC 11	PFRS 2- Group and Treasury Share Transactions	X		
IFRIC 12	Service Concession Arrangements	X		X
IFRIC 13	Customer Loyalty Programmes	X		X
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	X		X
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement	X		X
IFRIC 15	Agreements for the Construction of Real Estate*	Not Early Adopted		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	X		X
IFRIC 17	Distributions of Non-cash Assets to Owners	X		
IFRIC 18	Transfers of Assets from Customers	X		X
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	X		X
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	X		X
IFRIC 21	Levies	X		
SIC-7	Introduction of the Euro	X		X
SIC-10	Government Assistance - No Specific Relation to Operating Activities	X		X
SIC-12	Consolidation - Special Purpose Entities	X		X
	Amendment to SIC - 12: Scope of SIC 12	X		X
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers	X		X
SIC-15	Operating Leases - Incentives	X		X
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	X		X
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	X		
SIC-29	Service Concession Arrangements: Disclosures	X		X
SIC-31	Revenue - Barter Transactions Involving Advertising Services	X		X
SIC-32	Intangible Assets - Web Site Costs	X		X

**Standards and interpretations which will become effective subsequent to December 31, 2015.*

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION AND SUBSIDIARIES SUPPLEMENTARY SCHEDULE REQUIRED UNDER SRC RULE 68, AS AMENDED (2011)

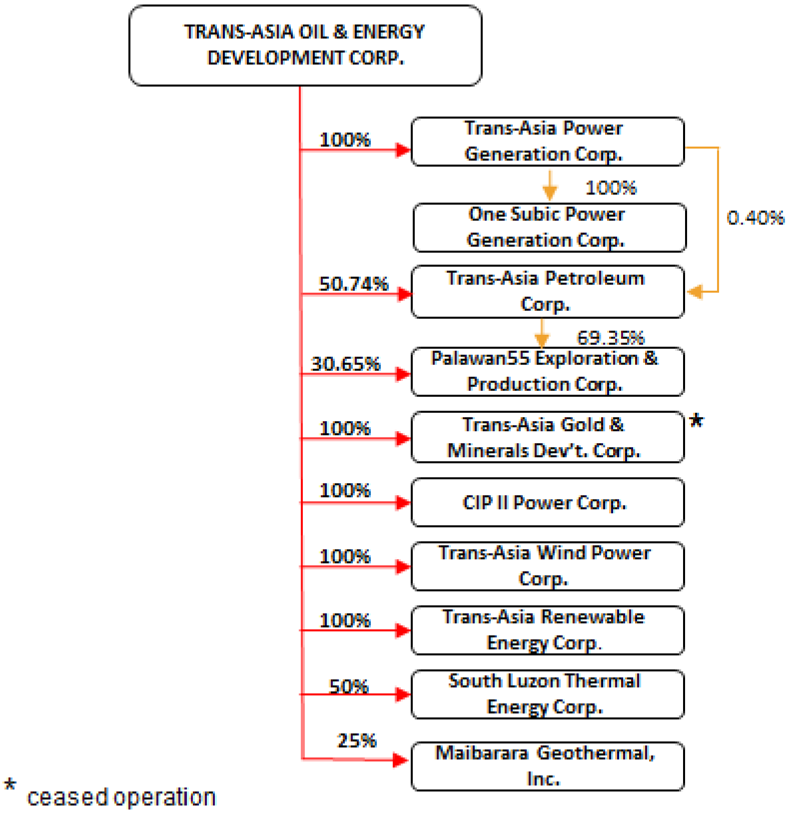
Conglomerate Map
As of December 31, 2015



Map of relationships of the Companies within the Group
As of December 31, 2015

* ceased operation

Map of Relationships of the Companies within the Group
As of December 31, 2015



COVER SHEET

069-039274
S.E.C. Registration Number

TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION

(Company's Full Name)

LEVEL 11-PHINMA PLAZA 39 PLAZA DRIVE, ROCKWELL CENTER MAKATI

(Business Address: No. Street City/Town/Province)

CECILLE ARENILLO
Contact Person

8700388
Company Telephone Number

12 31
Month Day
Calendar Year

CERT OF IND DIRECTORS 2015
FORM TYPE

Month Day
Annual Meeting

Secondary License Type, If Applicable

CFD
Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I. D.

Cashier

STAMPS

Remarks = Pls. Use black ink for scanning purposes

TRANS-ASIA
OIL & ENERGY DEVELOPMENT
A PHINMA Company

SEC
Electronic Records Management Division
ICTD
APR 30 2015
12
BY:
RECEIVED SUBJECT TO REVIEW OF FORM AND CONTENTS

April 30, 2015

SECURITIES AND EXCHANGE COMMISSION
Attention: Dir. Justina F. Callangan
Corporation and Finance Department
SEC Building
EDSA, Mandaluyong City

THE PHILIPPINE STOCK EXCHANGE, INC.
Attention: Ms. Janet A. Encarnacion
Head, Disclosures Department
3F Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue, Makati City

Gentlemen:

In compliance with the Commission's requirements for independent directors to submit a certification, under oath, that they possess the qualifications and none of the disqualifications as provided for in the Securities Regulation Code, we submit herewith the certifications of the following independent directors of Trans-Asia Oil and Energy Development Corporation for the year 2015:

1. David L. Balangue
2. Ricardo V. Camua
3. Guillermo D. Luchangco
4. Raymundo O. Feliciano

We trust the above submission is in full compliance with the SEC requirement.

Thank you.

Very truly yours,

CECILLE B. ARENILLO
Vice President-Compliance Officer

TRANS-ASIA OIL & ENERGY DEVELOPMENT CORPORATION
11/F PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, Philippines 1200
Tel (632) 870-0100 Fax No (632) 870-0433 www.transasia-energy.com

CERTIFICATION OF INDEPENDENT DIRECTORS

I, David L. Balangue, Filipino, of legal age and a resident of 32 Limasawa Street, Magallanes Village, Makati City, after having duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of Trans-Asia Oil and Energy Development Corporation.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Makati Commercial Estate Association, Inc.	President/Chairman	2010 - Present
Makati Parking Authority	President	2012 - Present
The Manufacturers Life Insurance Company, Inc.	Non-executive Director	2011 - Present
Ayala Land Inc.	Consultant	2010 - Present
Manila Polo Club, Inc.	President	2014 - Present
Unistar Credit and Finance Corp.	Independent Director	2012 - Present
Maybank ATR Kim Eng Capital Partners, Inc.	Independent Director	2013-Present
Roxas Holdings, Inc.	Independent Director	2012 - Present
Manulife Financial Plans, Inc.	Non-executive Director	2011-Present
Philippine Bank of Communications	Independent Director	2014-Present
National Movement for Free Elections	Acting Chairman	2014-Present
Halcyon TCMers, Inc. (Family corporation)	President/Chairman	2003 - Present
Coalition Against Corruption	Chairman	2011-Present
Habitat For Humanity Philippines Foundation, Inc.	Trustee	2011-Present
Philippine Center for Population and Development	Chairman	2014-Present
OmniPay, Inc.	Independent Director	2014-Present
Philippine Financial Reporting Standards Council	Chairman	2010-Present
ATR Asset Management, Inc.	Independent Director	2013-Present
Trans-Asia Power Generation Corporation	Independent Director	2014-Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Trans-Asia Oil and Energy Development Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.

5. I shall inform the Corporate Secretary of Trans-Asia Oil and Energy Development Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this _____ day of ____________________, at ________________.

Affiant

SUBSCRIBED AND SWORN to before me this APR 27 2015 day of, 2015 at MAKATI CITY, affiant personally appeared before me and exhibited to me his Philippine Passport No. EB9581640 issued at DFA-Manila on November 13, 2013.

Doc. No. 170;
Page No. 96;
Book No. 11;
Series of 2015.

JUAN J. DIAZ
COMMISSION NO. M – 328
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2015
11/F PHINMA PLAZA, ROCKWELL CENTER, MAKATI
ROLL NO. 6746
PTR NO. 4760173 MAKATI CITY
IBP NO. 0991908 MAKATI CHAPTER

CERTIFICATION OF INDEPENDENT DIRECTORS

I, RICARDO V. CAMUA, Filipino, of legal age and a resident of 83 Dona Ines Street, Alabang Hills Village, Muntinlupa City, after having duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of Trans-Asia Oil and Energy Development Corporation.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Manila Cordage Company	President/CEO	2000 to Sept 2009
Manco Synthetics Inc.	President/CEO	2007 to Sept 2009
Manco Insurance Agents, Inc.	VP/Director	2009 to Sept 2009
Tupperware Realty Corp.	VP/Director	2008 to Sept 2009
Manco Farms, Inc.	Director	1986 to Sept 2009
Filmag Holdings, Inc.	Director	2005 to 2012
RVCCI	President	2008 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Trans-Asia Oil and Energy Development Corporation as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.

5. I shall inform the Corporate Secretary of Trans-Asia Oil and Energy Development Corporation of any changes in the abovementioned information within five days from its occurrence.

Done this 10th day of April, 2015 at Muntinlupa City.

RICARDO V. CAMUA
Affiant

APR 27 2015

SUBSCRIBED AND SWORN to before me this ~~15th~~ day of April 2015 at Makati City, affiant personally appeared before me and exhibited to me his/her Community Tax Certificate No. 03882091 issued at Muntinlupa City on March 23, 2015.

Doc. No. 168;
Page No. 96;
Book No. 19;
Series of 2015.

JUAN J. DIAZ
COMMISSION NO. M – 328
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2015
11/F PHINMA PLAZA, ROCKWELL CENTER, MAKATI
ROLL NO. 6746
PTR NO. 4760173 MAKATI CITY
IBP NO. 0991908 MAKATI CHAPTER

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **GUILLERMO D. LUCHANGCO**, Filipino, of legal age with office address of 17th Floor, Robinson's Summit Centre, 6783 Ayala Avenue, Makati City, after having duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of Trans Asia Oil and Energy Development Corporation.

2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
Investment & Capital Corp of the Philippines	Chairman	since March 1987
ICCP Holdings Corp.	Chairman & CEO	since April 2007
ICCP Managers, Inc.	Chairman & President	since October 1987
Regatta Properties, Inc.	Chairman & CEO	since October 1993
Pueblo de Oro Development Corp.	Chairman & CEO	since February 1995
RFM-Science Park of the Philippines, Inc	Chairman & CEO	since August 1997
Science Park of the Philippines, Inc.	Chairman & CEO	since March 1989
Cebu Light Industrial Park, Inc.	Chairman & CEO	since December 1994
ICCP Land Management, Inc	Chairman & CEO	since November 1988
ICCP Ventures, Inc.	Chairman & CEO	since September 1989
ICCP Venture Partners, Inc.- U.S.	Chairman & CEO	since December 2004
Tech Venture Partners Ltd.	Chairman & CEO	since November 2004
Tech Venture Partners III Ltd	Chairman & CEO	since October 2004
Pacific Synergies Partners IV Ltd.	Chairman & CEO	since March 2008
Beacon Property Ventures, Inc	Chairman & President	since November 2004
Manila Exposition Complex, Inc	Chairman	since March 1995
ICCP Group Foundation, Inc.	Chairman	since April 1997
Ventrix Holdings Corporation	Chairman & President	since 1991
Pueblo de Oro Golf & Country Club, Inc.	Director	since April 1999
Ionics, Inc.	Director	since 1991
Ionics, Circuits, Ltd	Director	since 2000
Ionics EMS, Inc.	Director	since 1999
Ionics EMS, Ltd.	Director	since 2004
Ionics Properties, Inc.	Director	since 1997
Iomni Precision, Inc.	Director	since 2000
Maxima Trading	Director	since 1992
Phinma Corporation	Director	since April 2005
Fuld & Company	Director	since May 2011
Roxas & Company, Inc.	Director	since November 2009
Synertronix, Inc.	Director	since 1995
Inactive Companies: Palawan Agro-Development Corp. Palawan Integrated Development Corp. Optima Agri-Industrial Corp. San Isidro Mining Corp.		

As of April 1, 2015

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Trans Asia Oil and Energy Development Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.

5. I shall inform the Corporate Secretary of Trans Asia Oil and Energy Development Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 13th day of April, 2015 at Makati City.

GUILLERMO D. LUCHANGCO
Affiant

APR 27 2015

SUBSCRIBED AND SWORN to before me this ____ day of ____ 2015 at MAKATI CITY, affiant personally appeared before me and exhibited to me his/her Community Tax Certificate No. 04944569 issued at Makati City on February 24, 2015.

Doc. No. 469;
Page No. 96;
Book No. 44;
Series of 2015.

JUAN J. DIAZ
COMMISSION NO. M – 328
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2015
11/F PHINMA PLAZA, ROCKWELL CENTER, MAKATI
ROLL NO. 6746
PTR NO. 4760173 MAKATI CITY
IBP NO. 0991908 MAKATI CHAPTER

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **RAYMUNDO O. FELICIANO**, Filipino, of legal age and a resident of 1167 Tamarind Road, Dasmariñas Village, Makati City, after having duly sworn to in accordance with law do hereby declare that:

1. I am an Independent Director of Trans-Asia Oil and Energy Development Corporation.
2. I am affiliated with the following companies or organizations:

Company/Organization	Position/Relationship	Period of Service
ROF Management & Dev. Corporation	Chairman	1978-2015
BU Properties Corporation	Chairman	1994-2015
Bates Licensing & Entertainment Inc.	Chairman	2000-2015
Tuesday Licensing	Chairman	2003-2015

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Trans-Asia Oil and Energy Development Corporation, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations.

4. I shall faithfully and diligently comply with my duties and responsibilities as Independent Director under the Securities Regulation Code.

5. I shall inform the Corporate Secretary of Trans-Asia Oil and Energy Development Corporation of any changes in the abovementioned information within five days from its occurrence.

Done, this 29th day of April 2015, at Makati City.

Raymundo O. Feliciano
Affiant

SUBSCRIBED AND SWORN to before me this 29th day of April, 2015 at Makati City, affiant personally appeared before me and exhibited to me his Community Tax Certificate No. 02443733 issued at Makati City on January 20,2015.

Doc. No. 44;
Page No. 97;
Book No. 44;
Series of 2015.

JUAN J. DIAZ
COMMISSION NO. M – 328
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2015
11/F PHINMA PLAZA, ROCKWELL CENTER, MAKATI
ROLL NO. 6746
PTR NO. 4760173 MAKATI CITY
IBP NO. 0991908 MAKATI CHAPTER

TRANS-ASIA
OIL & ENERGY DEVELOPMENT
A PHINMA Company

March 2, 2016

SECURITIES AND EXCHANGE COMMISSION
Markets and Securities Regulation Department
SEC Building, EDSA
Greenhills, Mandaluyong City

Attention: **MR. VICENTE GRACIANO P. FELIZMENIO, JR.**
Director

Re: **TRANS-ASIA OIL AND ENERGY DEVELOPMENT CORPORATION**

Gentlemen:

This is to certify that none of the present Directors and nominees for Directors of Trans-Asia Oil and Energy Development Corporation ("Trans-Asia") are public officers or employees, whether appointed or elected to any governmental body or agency of the Republic of the Philippines.

Mr. Ramon R. del Rosario, Jr. is a member of the Board of Trustees and Chairman of the National Museum of the Philippines (the "National Museum") as a representative from the private sector, a position expressly provided under Sections 8 and 9 of Republic Act No. 8492 or the National Museum Act of 1998. As such, Mr. del Rosario does not receive any salary, allowances or honoraria from the government.

Since Mr. del Rosario is a representative from the private sector, it is already presumed under the law that he is holding office in one form or another in a private enterprise. Thus, no consent from the National Museum should be necessary or required in order to be appointed as a Director of Trans-Asia since the law itself gives such consent by necessary implication.

Very truly yours,

ALAN T. ASCALON
VP-Legal/Assistant Corporate Secretary

101072016001608

SECURITIES AND EXCHANGE COMMISSION

SECBuilding,EDSA,Greenhills,MandaluyongCity,MetroManila,Philippines
Tel:(632) 726-0931 to 39 Fax:(632) 725-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No.	0000039274
Company Name	TRANS-ASIA OIL & ENERGY DEV. CORP
Industry Classification	
Company Type	Stock Corporation

Document Information

Document ID	101072016001608
Document Type	LETTER/MISC
Document Code	LTR
Period Covered	January 06, 2016
No. of Days Late	0
Department	CED/CFD/CRMD/MRD/NTD
Remarks	

TRANS-ASIA
OIL & ENERGY DEVELOPMENT
A PHINMA Company

January 6, 2016

SECURITIES AND EXCHANGE COMMISSION
SEC Building
Epifanio de los Santos Avenue
Mandaluyong City

Attention: **Atty. Justina Callangan**
Director, Corporate Finance Department

Gentlemen:

In compliance with the disclosure requirements of the Securities and Exchange Commission (SEC) on the use of proceeds from Stock Rights Offerings (SROs), please be advised that as of December 31, 2015, Trans-Asia Oil and Energy Development Corporation (TA) has fully used the proceeds of the SRO's as follows:

- P607.8 Million from the remaining proceeds of the 2007 SRO.
- P1.165 Billion from the remaining proceeds of the 2011 SRO.
- P1.627 Billion from the remaining proceeds of the 2012 SRO.

Attached is the schedule of disbursements of proceeds from SROs for the Calendar Year of 2015.

Very truly yours,

Mariejo P. Bautista
SVP – Finance & Controller

TRANS-ASIA
OIL & ENERGY DEVELOPMENT
A PHINMA Company

January 6, 2016

THE DISCLOSURE DEPARTMENT
4/F Philippine Stock Exchange, Inc.
Philippine Stock Exchange Centre
Exchange Road, Ortigas Center, Pasig City

Attention: **Janet Encarnacion**
OIC, Disclosure Department

Gentlemen:

In compliance with the disclosure requirements of the Philippine Stock Exchange (PSE) on the use of proceeds from Stock Rights Offerings (SROs), please be advised that as of December 31, 2015, Trans-Asia Oil and Energy Development Corporation (TA) has fully used the proceeds of the SRO's as follows:

- P607.8 Million from the remaining proceeds of the 2007 SRO.
- P1.165 Billion from the remaining proceeds of the 2011 SRO.
- P1.627 Billion from the remaining proceeds of the 2012 SRO.

Attached is the schedule of disbursements of proceeds from SROs for the Calendar Year of 2015.

Very truly yours,

Mariejo P. Bautista
SVP – Finance & Controller

Trans-Asia Oil & Energy Development Corporation (TA)
Schedule of Disbursements from the Gross Proceeds of the 2007 Stock Rights Offering (SRO)
As of December 31, 2015
(Amounts in Millions)

	Estimate			Actual disbursement for the period November 28, 2007 to Dec 31, 2014			Actual disbursement for the period January - December 2015		Balance of Gross Proceeds As of December 31, 2015		
Original Gross Proceeds - 2007 SRO			**607.8**			**607.8**		**-**			**607.8**
Application of Gross Proceeds											
Power Barge											
Previously earmarked for Renewable Energy Projects							370.0			370.0	
Renewable Energy Projects											
Previously earmarked for CIPP Plant Expansion	378.5			41.6					41.6		
Previously earmarked for Mineral Projects	34.6	413.1		-	41.6		-		-	41.6	
General Corporate Purposes											
Repay Loan to Unionbank	32.7			32.7					32.7		
Repay Loan to Equitable PCI bank	150.0	182.7		150.0	182.7		-		150.0	182.7	
Fund Petroleum and Mineral Exploration Projects											
Area 8	5.3			4.8					4.8		
SC 51	0.7			-					-		
SC 55	0.7			-					-		
Camarines Norte	2.8			-					-		
Kalinga	13.5			-					-		
Other Areas	16.4			-					-		
Reallocated to Renewable Energy Projects	(34.6)	4.8			4.8		-			4.8	
Pay Expenses in Relation to the Stock Rights Offer											
Documentary Stamp Tax	2.8			2.8					2.8		
Professional Fees	1.9			4.1					4.1		
PSE and SEC listing and Processing Fees	1.2			1.2					1.2		
Stock Transfer Agent Fee	0.5			0.2					0.2		
Administrative (printing of notices, subscription agreements, stock certificates, mailing costs and miscellaneous expenses)	0.8	7.2	607.8	0.4	8.8	237.8	-	370.0	0.4	8.8	607.8
Balance			**-**			**370.0**		**(370.0)**			**-**

Prepared by:

Yolanda D. Añonuevo
Assistant Controller

Noted by:

Mariejo P. Bautista
SVP - Finance & Controller

SGV
Building a better working world

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 891 0307
Fax: (632) 819 0872
ey.com/ph

BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT OF FACTUAL FINDINGS

The Stockholders and the Board of Directors
Trans-Asia Oil and Energy Development Corporation
Level 11, PHINMA Plaza
39 Plaza Drive, Rockwell Center
Makati City

We are pleased to submit our report on the agreed-upon procedures performed with respect to the disbursements from the gross proceeds of the 2011 stock rights offering of Trans-Asia Oil and Energy Development Corporation (the Company) as at December 31, 2015 and for the period January 1, 2015 to December 31, 2015. Our engagement was undertaken in accordance with the Philippine Standards on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. The procedures were performed to assist the Company in connection with its reporting requirements with the Philippine Securities and Exchange Commission (SEC).

Shown below are the procedures we performed and our findings:

1. We obtained the Schedule of Disbursements from the Gross Proceeds of the 2011 Stock Rights Offering as at December 31, 2015 and for the period January 1, 2015 to December 31, 2015 (the "Schedule") and checked its mathematical accuracy. We noted no exceptions. The schedule shows the following information:
    a. Estimated gross proceeds and estimated application of gross proceeds
    b. Actual gross proceeds
    c. Actual disbursements for the period May 30, 2011 to December 31, 2014
    d. Actual disbursements for the period January 1, 2015 to December 31, 2015
    e. Balance of the gross proceeds as at December 31, 2015.

2. Using the schedule obtained in No. 1, we performed the following:
    a. Traced the estimated gross proceeds and estimated application of gross proceeds to the Schedule of Disbursements from the Gross Proceeds of the 2011 Stock Rights Offering for the period January 1, 2014 to December 31, 2014 submitted to SEC, which were also traced to the estimated amounts indicated in the prospectus. We noted no exceptions.
    b. Traced the actual gross proceeds to the Schedule of Disbursements from the Gross Proceeds of the 2011 Stock Rights Offering for the period January 1, 2014 to December 31, 2014 submitted to SEC. We noted no exceptions.
    c. Traced the actual disbursements for the period May 30, 2011 to December 31, 2014 to the Schedule of Disbursements from the Gross Proceeds of the 2011 Stock Rights Offering for the period January 1, 2014 to December 31, 2014 submitted to the SEC. We noted no exceptions.

d. Vouched the actual disbursements for the period January 1, 2015 to December 31, 2015 to supporting documents such as telegraphic transfer application form processed and validated by the bank, bank statements and official receipts. We noted that the disbursement was for the Company's acquisition of the power barges from Philippine Sector Assets and Liabilities Management Corporation (PSALM). We were provided with a copy of the Board of Directors' resolution approving the application of the remaining balance of the proceeds of the 2011 stock rights offering to expenditures incurred relating to the acquisition of power barges from PSALM. We further noted that there is no remaining balance from the 2011 SRO as at December 31, 2015.

The sufficiency of the procedures is solely the responsibility of the Company's management. Consequently, we make no representations regarding the sufficiency of the procedures described in the foregoing either for the purpose of which this report has been requested or for any other purpose.

The above procedures do not constitute either an audit or a review made in accordance with the Philippine Standards on Auditing or Philippine Standards on Review Engagements, thus, we do not express any assurance on the financial statements of the Company taken as a whole.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with Philippine Standards on Auditing or Philippine Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information. It is not to be used for any other purpose or to be distributed to any parties. This report relates only to the accounts and items specified above and do not extend to the financial statements of the Company, taken as a whole.

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-3 (Group A),
January 18, 2013, valid until January 17, 2016
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 4751303, January 5, 2015, Makati City

January 6, 2016

Trans-Asia Oil and Energy Development Corporation
Schedule of Disbursements from the Gross Proceeds of the 2011 Stock Rights Offering
As at December 31, 2015 and for the Period January 1, 2015 to December 31, 2015
(Amounts in Millions)

	Estimates			Actual Disbursements for the Period May 30, 2011 to December 31, 2014			Actual Disbursements for the Period January 1, 2015 to December 31, 2015		Balance of the Gross Proceeds as at December 31, 2015		
Original Gross Proceeds - 2011 Stock Rights Offering (SRO)			**₱1,165.2**			**₱1,165.2**		**₱–**			**₱1,165.2**
Application of Gross Proceeds:											
Equity investments:											
Coal power projects		1,044.1			1,044.1		–			1,044.1	
Maibarara Geothermal, Inc.		105.0			105.0		–			105.0	
Power Barge Project											
Previously earmarked for expenses in relation to the SRO		–			–		3.1			3.1	
Pay Expenses in Relation to the SRO:											
Documentary stamp tax	5.8			5.8			–		5.8		
Professional fees	4.0			–			–		–		
Philippine Securities and Exchange Commission fees for increase in authorized capital stock and notice of exemption	3.5			5.6			–		5.6		
Philippine Stock Exchange listing and processing fees	1.3			1.2			–		1.2		
Other expenses	1.5	16.1	1,165.2	0.4	13.0	1,162.1	–	3.1	0.4	13.0	1,165.2
Balance			**P–**			**P3.1**		**P3.1**			**P–**

Prepared by:

Yolanda D. Añonuevo
Assistant Controller

Noted by:

Mariejo P. Bautista
SVP - Controller

SGV
Building a better working world

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BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-4 (Group A),
November 10, 2015, valid until November 9, 2018

INDEPENDENT AUDITORS' REPORT OF FACTUAL FINDINGS

The Stockholders and the Board of Directors
Trans-Asia Oil and Energy Development Corporation
Level 11, PHINMA Plaza
39 Plaza Drive, Rockwell Center
Makati City

We are pleased to submit our report on the agreed-upon procedures performed with respect to the disbursements from the gross proceeds of the 2012 stock rights offering of Trans-Asia Oil and Energy Development Corporation (the Company) as at December 31, 2015 and for the period January 1, 2015 to December 31, 2015. Our engagement was undertaken in accordance with the Philippine Standards on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*. The procedures were performed to assist the Company in connection with its reporting requirements with the Philippine Securities and Exchange Commission (SEC).

Shown below are the procedures we performed and our findings:

1. We obtained the Schedule of Disbursements from the Gross Proceeds of the 2012 Stock Rights Offering as at December 31, 2015 and for the period January 1, 2015 to December 31, 2015 (the "Schedule") and checked its mathematical accuracy. We noted no exceptions. The schedule shows the following information:
   a. Estimated gross proceeds and estimated application of gross proceeds
   b. Actual gross proceeds
   c. Actual disbursements for the period May 30, 2011 to December 31, 2014
   d. Actual disbursements for the period January 1, 2015 to December 31, 2015
   e. Balance of the gross proceeds as at December 31, 2015.

2. Using the schedule obtained in No. 1, we performed the following:
   a. Traced the estimated gross proceeds and estimated application of gross proceeds to the Schedule of Disbursements from the Gross Proceeds of the 2012 Stock Rights Offering for the period January 1, 2014 to December 31, 2014 submitted to SEC, which were also traced to the estimated amounts indicated in the prospectus. We noted no exceptions.
   b. Traced the actual gross proceeds to the Schedule of Disbursements from the Gross Proceeds of the 2012 Stock Rights Offering for the period January 1, 2014 to December 31, 2014 submitted to SEC. We noted no exceptions.
   c. Traced the actual disbursements for the period May 30, 2011 to December 31, 2014 to the Schedule of Disbursements from the Gross Proceeds of the 2012 Stock Rights Offering for the period January 1, 2014 to December 31, 2014 submitted to the SEC. We noted no exceptions.

d. Vouched the actual disbursements for the period January 1, 2015 to December 31, 2015 to supporting documents such as telegraphic transfer application form processed and validated by the bank, bank statements and official receipts. We noted that the disbursement was for the Company's acquisition of the power barges from Philippine Sector Assets and Liabilities Management Corporation (PSALM). We were provided with a copy of the Board of Directors' resolution approving the application of the remaining balance of the proceeds of the 2012 stock rights offering to expenditures incurred relating to the acquisition of power barges from PSALM. We further noted that there is no remaining balance from the 2012 SRO as at December 31, 2015.

The sufficiency of the procedures is solely the responsibility of the Company's management. Consequently, we make no representations regarding the sufficiency of the procedures described in the foregoing either for the purpose of which this report has been requested or for any other purpose.

The above procedures do not constitute either an audit or a review made in accordance with the Philippine Standards on Auditing or Philippine Standards on Review Engagements, thus, we do not express any assurance on the financial statements of the Company taken as a whole.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with Philippine Standards on Auditing or Philippine Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is intended solely for the purpose set forth in the first paragraph of this report and for your information. It is not to be used for any other purpose or to be distributed to any parties. This report relates only to the accounts and items specified above and do not extend to the financial statements of the Company, taken as a whole.

SYCIP GORRES VELAYO & CO.

Marydith C. Miguel

Marydith C. Miguel
Partner
CPA Certificate No. 65556
SEC Accreditation No. 0087-AR-3 (Group A),
January 18, 2013, valid until January 17, 2016
Tax Identification No. 102-092-270
BIR Accreditation No. 08-001998-55-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 4751303, January 5, 2015, Makati City

January 6, 2016

Trans-Asia Oil and Energy Development Corporation
Schedule of Disbursements from the Gross Proceeds of the 2012 Stock Rights Offering
As at December 31, 2015 and for the Period January 1, 2015 to December 31, 2015
(Amounts in Millions)

	Estimates		Actual Disbursements for the Period November 14, 2012 to December 31, 2014		Actual Disbursements for the Period January 1, 2015 to December 31, 2015		Balance of Gross Proceeds As at December 31, 2015	
Original Gross Proceeds - 2012 Stock Rights Offering (SRO)		**₱1,627.0**		**₱1,627.0**		**₱–**		**₱1,627.0**
Application of Gross Proceeds:								
Equity investments in:								
54-megawatt (MW) wind energy project in San Lorenzo, Guimaras		1,000.0		1,000.0		–		1,000.0
Second 135MW unit of the clean coal-fired power plant in Calaca, Batangas and/or other power project opportunities and possible investments in privatization of National Power Corporation and Power Sector Assets and Liabilities Management Corporation		612.0		589.0		–		589.0
Power Barge Project								
Previously earmarked for expenses in relation to the SRO		–		–		0.3		0.3
Pay Expenses in Relation to the SRO:								
Philippine Securities and Exchange Commission fees for increase confirmation and exemption	1.6		1.6		–		1.6	
Philippine Stock Exchange listing and processing fees	2.4		1.7		–		1.7	
Documentary stamp tax	8.1		8.1		–		8.1	
Professional fees	1.2		–		–		–	
Other expenses	1.7	15.0	0.7	12.1	–	–	0.7	12.1
Interest Income Earned			(27.9)		–		(27.9)	
Realized Fair Value Loss			53.5	25.6	–	–	53.5	25.6
		1,627.0		1,626.7		0.3		1,627.0
Balance		**₱–**		**P0.3**		**P0.3**		**₱–**

Prepared by:

Yolanda D. Añonuevo
Assistant Controller

Noted by:

Mariejo P. Bautista
SVP - Controller