

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **March 31, 2017**
2. Commission identification number **A1998-18260**
3. BIR Tax Identification No. **202-464-633-000**
4. Exact name of issuer as specified in its charter **FIRST GEN CORPORATION**
5. Province, country or other jurisdiction of incorporation or organization **Philippines**
6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code
6th Floor, Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City 1604
8. Issuer's telephone number, including area code **(632) 449-6400**

9. Former name, former address and former fiscal year, if changed since last report
3rd Floor, Benpres Building, Exchange Road cor. Meralco Avenue, Pasig City 1600

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of March 31, 2017)
Common Stock	3,660,943,557 shares
Bonds	None

11. Are any or all of the securities listed on a Stock Exchange?

Yes ☒ No ☐

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

The Company's common shares, as well as Series "F" and "G" preferred shares, are listed with the Philippine Stock Exchange, Inc. (PSE).

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes ☒ No ☐

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes ☒ No ☐

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements.

Attached to this report as **Annex “A”** is the Corporation’s unaudited interim condensed consolidated financial statements as of March 31, 2017 (with comparative audited figures as at December 31, 2016) and for the three-month periods ended March 31, 2017 and 2016.

The unaudited interim condensed consolidated financial statements for the quarter ended March 31, 2017 have been prepared in accordance with Philippine Financial Reporting Standards (“PFRS”) specific to Philippine Accounting Standard 34, Interim Financial Reporting and hence do not include all of the information required in the December 31, 2017 annual audited consolidated financial statements.

Item 2. Management's Discussion and Analysis (MD&A) of Financial Condition and Results of Operations.

In the following discussion and analysis of our financial condition and results of operations, unless the context indicates or otherwise requires, any references to “we”, “us”, “our”, “Company”, “First Gen Group” means First Gen Corporation and its consolidated subsidiaries and references to “First Gen” pertains to the Parent Company First Gen Corporation, not including its subsidiaries (please see Note 2 – Summary of Significant Accounting Policies to the accompanying unaudited interim condensed consolidated financial statements for the list of these subsidiaries, including a description of their respective principal business activities and First Gen’s direct and/or indirect equity interest).

The following discussion and analysis of the Company’s consolidated financial performance for the quarter ended March 31, 2017 should be read in conjunction with its unaudited interim condensed consolidated financial statements and the accompanying notes as at March 31, 2017 and the audited consolidated financial statements as at December 31, 2016. The primary objective of this MD&A is to help the readers understand the dynamics of the Company’s business and the key factors underlying its financial results. Hence, our MD&A is comprised of a discussion of its core business, and analysis of the results of operations for each business segment. This section also focuses on key statistics from the unaudited consolidated financial statements and pertains to known risks and uncertainties relating to the power industry in the Philippines where we operate up to the stated reporting period.

This report also contains information that may constitute “forward-looking statements.” Generally, the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “plan,” “foresee,” “will,” and similar expressions identify forward-looking statements, which generally are not historical in nature. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. All statements that address operating performance, events or developments that we expect or anticipate will occur in the future - including statements relating to revenue growth and statements expressing general views about future operating results - are forward-looking statements. Such forward-looking statements are made based on management’s current expectations or beliefs as well as assumptions made by, and information currently available to, management. First Gen does not make express or implied representations or warranties as to the accuracy and completeness of the information contained herein and shall not accept any responsibility or liability (including any third party liability) for any loss or damage, whether or not arising from any error or omission in compiling such information or as a result of any party’s reliance or use of such information. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our Company’s historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, those described in Risk Factors Affecting the Company’s Results of Operations and elsewhere in this report and in our Annual Report on Form 17-A for the year ended December 31, 2016, and those described from time to time in our future reports filed with the Philippine Securities and Exchange Commission (SEC).

The financial information appearing in this report and in the accompanying unaudited interim condensed consolidated financial statements is stated in United States dollars. All references to “U.S. dollars,” “US\$” or “dollars” are to the lawful currency of the United States; all references to “Philippine pesos,” “Php” or “pesos” are to the lawful currency of the Philippines; and all references to “Euro” or “€” are to the lawful currency of the European Union. Unless otherwise indicated, translations of Philippine peso amounts into U.S. dollars in this report and in the accompanying unaudited interim condensed consolidated financial statements were made based on the exchange rate quoted through the Philippine Dealing System as at March 31, 2017.

Additional information about the Company, including annual and quarterly reports, can be found on our corporate website www.firstgen.com.ph.

BUSINESS OVERVIEW

Description of the Nature and Scope of the Business including Products or Services

First Gen Corporation (the Company or First Gen) is engaged in the business of power generation through the following operating companies:

- (i) First Gas Power Corporation (FGPC), which operates the 1,000 MW Santa Rita natural gas-fired power plant;
- (ii) FGP Corp. (FGP), which operates the 500 MW San Lorenzo natural gas-fired power plant;
- (iii) Prime Meridian PowerGen Corporation (PMPC), which operates the 97 MW Avion natural gas-fired power plant;
- (iv) First NatGas Power Corp. (FNPC), which operates the 420 MW San Gabriel natural gas-fired power plant;
- (v) FG Bukidnon Power Corporation (FG Bukidnon), which operates the 1.6 MW FG Bukidnon mini-hydroelectric power plant;
- (vi) Energy Development Corporation (EDC), with an aggregate installed capacity of approximately 1,327 MW of geothermal, wind, and solar power; and
- (vii) First Gen Hydro Power Corporation (FG Hydro), which operates the 132 MW Pantabangan-Masiway hydroelectric power plants.

First Gen's indirect 40.0% economic interest in EDC is held through Prime Terracota Holdings Corporation (Prime Terracota) and Red Vulcan Holdings Corporation (Red Vulcan). FGEN has a 40.0% direct economic interest in FG Hydro. As of March 31, 2017, the Company also directly and indirectly owns 1.98 billion common shares in EDC, of which 986.34 million common shares are held through its wholly-owned subsidiary, Northern Terracotta Power Corporation (Northern Terracotta). The 1.98 billion common shares are equivalent to a 10.6% economic interest in EDC.

The following discussion focuses on the results of operations of First Gen and its power generating companies. As of March 31, 2017, First Gen's ownership interests in these operating companies are indirectly held through intermediate holding companies, with the exception of FG Hydro, where First Gen directly holds a 40.0% economic interest as stated above.

- First Gas Holdings Corporation (FGHC) was incorporated on February 3, 1995 as a holding company for the development of natural gas-fired power plants and other non-power gas related businesses. The company was 60.0% owned by First Gen and 40.0% owned by Dualcore Holdings Inc. (Dualcore) [formerly BG Consolidated Holdings (Philippines), Inc. (BG)] prior to the acquisition of the non-controlling stake of BG in the natural gas projects. As a result of the transaction, First Gen now effectively owns 100.0% of FGHC. FGHC wholly-owns FGPC, the project company of the 1,000 MW Santa Rita power plant.
 - FGPC is the project company of the Santa Rita power plant. The company was incorporated on November 24, 1994 to develop the 1,000 MW combined-cycle natural gas-fired power plant located in Santa Rita, Batangas City inside the First Gen Clean Energy Complex (FGEN Clean Complex). The company started full commercial operations on August 17, 2000. FGPC generates electricity for Meralco under a 25-year Power Purchase Agreement (PPA). In order to fulfill its responsibility to operate and maintain the power plant, FGPC has an existing agreement with Siemens Power Operations, Inc. (SPOI), a 100.0% subsidiary of Siemens AG, to act as the operator under an Operations & Maintenance Agreement (O&M Agreement).
- Unified Holdings Corporation (Unified) was incorporated on March 30, 1999 as the holding company of First Gen's 60.0% equity share in FGP, the project company of the 500 MW San Lorenzo Power Plant. First Gen owns 100.0% of Unified.
 - FGP is the project company of the San Lorenzo power plant. The company was established on July 23, 1997 to develop a 500 MW combined-cycle natural gas-fired power plant in Santa Rita, Batangas City, adjacent to the 1,000 MW Santa Rita power plant inside the FGEN Clean Complex. The company started full commercial operations on October 1, 2002. It is likewise operated by SPOI under a separate O&M Agreement and generates electricity under a separate 25-year PPA with Meralco.
- On May 30, 2012, the Company, through its wholly-owned subsidiary Blue Vulcan Holdings Corporation (Blue Vulcan), successfully acquired from BG Asia Pacific Holdings Pte. Limited, a member of the BG Group, the entire outstanding capital stock of Bluespark Management Limited (Bluespark) [formerly Lisbon Star Management Limited]. Bluespark's wholly owned subsidiaries namely, Goldsilk Holdings Corp. (Goldsilk) [formerly Lisbon Star Philippines Holdings, Inc.], Dualcore, and Onecore Holdings Inc. (Onecore) [formerly BG Philippines Holdings, Inc.] owned 40.0% of the outstanding capital stock of FGHC, FGP, and FGPC (collectively referred to as

the “First Gas Group”). Following the acquisition of Bluespark, the Company now beneficially owns 100.0% of the First Gas Group through its intermediate holding companies.

- First Gen Renewables, Inc. (FGRI), formerly known as First Philippine Energy Corporation, was established on November 29, 1978. It is tasked to develop prospects in the renewable energy market. On June 17, 2014, the SEC approved the Plan and Articles of Merger between FGRI and Bluespark that was executed on April 29, 2014 following the majority vote of the board of directors and by the vote of the stockholders owning and representing more than two-thirds of the outstanding capital stock of constituent corporations on April 24, 2014. As a result of the merger, FGRI became the surviving corporation and is now 99.1% effectively-owned by Blue Vulcan. FGRI now effectively owns a 40.0% voting and economic interest in Santa Rita and San Lorenzo power plants. Prior to the merger, FGRI was a wholly-owned subsidiary of First Gen.
 - FG Bukidnon, a wholly-owned subsidiary of FGRI, was incorporated on February 9, 2005. Upon conveyance of First Gen in October 2005, FG Bukidnon took over the operations and maintenance of the FG Bukidnon Hydroelectric power plant. The run-of-river plant consists of two 800-kW turbine generators that use water from the Agusan River to generate electricity. It is connected to the local distribution grid of the Cagayan Electric Power & Light Company, Inc. (CEPALCO) via the National Grid Corporation of the Philippines (NGCP) line.
- Prime Terracota was incorporated on October 17, 2007 as the holding company of Red Vulcan. Red Vulcan was incorporated on October 5, 2007 as the holding company for First Gen’s 60.0% voting and 40.0% economic stake in EDC.

On November 22, 2007, First Gen, through Red Vulcan, was declared the winning bidder for the Philippine National Oil Company and EDC Retirement Fund’s remaining shares in EDC. Such common shares represented a 40.0% economic interest in EDC while the combined common and preferred shares represented 60.0% of the voting rights in EDC. As of March 31, 2017, EDC is the Philippines’ largest producer of geothermal energy, operating 12 geothermal power plants in the four geothermal service contract areas where it is principally involved in: (i) the production of geothermal steam for sale to subsidiaries; and, (ii) the generation and sale of electricity through EDC-owned geothermal power plants to National Power Corporation (NPC) and various off-takers. Likewise, EDC owns the 150 MW Burgos Wind Power Plant (Burgos Wind) and the 6.82 MW Burgos Solar Project (Burgos Solar) both situated in Burgos, Ilocos Norte. The Burgos Wind Project achieved commercial operations in November 2014, while the two-phased Burgos Solar Project achieved commercial operations in March 2015 and January 2016, respectively. EDC also signed a 20-year PPA in January 2017 with Gaisano Capital for the 1.03 MW rooftop solar project of the Gaisano Capital Iloilo mall in La Paz, Iloilo City.

As of March 31, 2017, the Company’s voting stake in Prime Terracota is equivalent to 100.0%, which effectively raised the Company’s voting interest in EDC to 67.1%.

- FG Hydro was incorporated on March 13, 2006 as a wholly-owned subsidiary of First Gen. On September 8, 2006, FG Hydro emerged as the winning bidder for the then 100 MW Pantabangan and the 12 MW Masiway Hydroelectric Power Plants (PMHEPP). The then 112 MW PMHEPP was transferred to FG Hydro on November 18, 2006, representing the first major generating asset of NPC to be successfully transferred to the private sector. On October 15, 2008, First Gen’s Board of Directors (BOD) approved the sale of 60.0% of FG Hydro to EDC and the divestment was completed in November 2008. As a result of the divestment, First Gen’s direct voting and economic interests in FG Hydro were reduced to 40.0%. Moreover, the completion of the rehabilitation and upgrade project of Pantabangan hydroelectric power plant’s Units 1 and 2 in 2010 increased the power generation capacity of PMHEPP by 20 MW to 132 MW. FG Hydro likewise rehabilitated the Masiway plant to address equipment obsolescence specifically on the excitation, protection and generator systems as well as the main step-up transformer of Masiway were replaced in 2015. The plant resumed operations in early December 2015 and formal takeover took place in 2016.
- AlliedGen Power Corp. (AGPC) was incorporated and registered with the SEC on February 14, 2005. AGPC wholly-owns FNPC, the project company of the 420 MW San Gabriel natural gas-fired power plant (San Gabriel). AGPC is a wholly-owned subsidiary of First Gen.
 - FNPC is the project company of San Gabriel, adjacent to the existing Santa Rita and San Lorenzo power plants inside the FGEN Clean Complex in Santa Rita, Batangas City. The San Gabriel plant serves the mid-merit and, potentially, the base load requirements of the Luzon Grid. It went into commercial operations in November 2016. It is currently a 100.0% merchant plant.

- Prime Meridian PowerGen Corporation (PMPC) was incorporated and registered with the SEC on August 8, 2011. The company is a wholly-owned subsidiary of First Gen. PMPC is the operating company of the 97 MW Avion open-cycle natural gas-fired power plant (Avion) that is likewise located adjacent to the existing natural gas-fired power plants inside the FGEN Clean Complex. The Avion plant is using General Electric's LM6000 PC Sprint aero-derivative gas turbines and has the capability to burn natural gas or diesel. The plant went into commercial operations in September 2016. It is currently a 100.0% merchant plant.
- First Gen Energy Solutions, Inc. (FGES) was incorporated and registered with the SEC on November 24, 2006. As a wholly-owned subsidiary of First Gen, FGES markets and sells electricity generated by First Gen and EDC to address the power requirements of Contestable Customers. In addition, it provides value-added services relevant to its core business. FGES holds a Retail Electricity Supplier (RES) license effective for a period of five years from May 2016 until May 2021. With the commencement of the Retail Competition and Open Access (RCOA), FGES' RES business has a total contracted demand of 70.45 MW from twenty-six (26) contestable customers as of March 31, 2017.

Principal Products or Services

First Gen and its subsidiaries are primarily involved in the power generation business. It owns power plants which utilizes natural gas, geothermal, wind, hydro and solar power. The electricity generated is primarily sold to Meralco, NPC, electric cooperatives, privately-owned distribution utilities (DUs), large industrial clients, and NGCP, pursuant to long-term PPAs, Power Supply Contracts (PSCs), Power Supply Agreement (PSAs), Wholesale Electricity Spot Market (WESM), Ancillary Services Procurement Agreement (ASPA), and the Feed-In-Tariff (FiT).

The following is a summary of First Gen's products/services and their markets:

Company	Principal products/services	Market	Effective Contribution to Consolidated Revenues* of First Gen
FGPC	- Power generation	MERALCO	US\$143.4 million
FGP	- Power generation	MERALCO	US\$82.0 million
FNPC	- Power generation	WESM	US\$4.2 million
PMPC	- Power generation	WESM	US\$3.2 million (or ₱161.5 million)
FG Bukidnon	- Power generation	CEPALCO	US\$0.3 million (or ₱12.9 million)
FG Hydro	- Power generation	WESM / NGCP/ various cooperatives	US\$16.3 million (or ₱813.5 million)
EDC	EDC holds service contracts with the Department of Energy (DOE) corresponding to 13 geothermal contract areas EDC, through its subsidiary, EBWPC, operates the 150 MW wind project in Burgos, Ilocos Norte. EDC also owns and operates the 6.82 MW Burgos Solar power plant. EDC operates the 1.03 MW rooftop solar project in Iloilo City	NPC (for power generation & steam sales), WESM, NGCP, electric cooperatives and industrial customers pursuant to the PPAs and PSAs, Feed-in Tariff (FiT)	US\$176.5 million** (or ₱8,798.8 million)
FGES	- Retail energy supply	Contestable Customers	US\$2.4 million*** (or ₱120.3 million)

* Pertains to revenues from sale of electricity only

** Pertains to EDC's consolidated revenues from sale of electricity, excluding FG Hydro

***FGES' contribution to FGEN's consolidated revenues is net of intercompany revenues from sale of electricity amounting to \$7.2 million for the period ended March 31, 2017.

Note: The Philippine Peso balances of PMPC, FG Bukidnon, FG Hydro, EDC, and FGES were translated to U.S. Dollar using the weighted average rate of US\$1.00:₱49.846 for the period ended March 31, 2017. FGPC, FGP, and FNPC's functional currency is the U.S. Dollar.

New Product / Service

First Gen intends to expand into businesses that complement its power generation operations. In particular, the Company expects to play a major role in the development of downstream natural gas transmission and distribution facilities, and other projects using renewable sources of energy.

On January 11, 2017, EDC successfully inaugurated the 1.03 MW solar rooftop system in Gaisano Capital's mall in La Paz District, Iloilo City. The solar rooftop system, currently the largest in the province, can supply up to 50.0% of the mall's daytime load resulting in significant savings in electricity cost for Gaisano Capital.

Competition

The implementation of the Electric Power Industry Reform Act of 2001 (EPIRA) by the Government paved the way for a more independent and market-driven Philippine power industry. This has allowed for competition not limited by location, and driven by market forces. As such, selling power and, consequently, the dispatch of power plants depend on the ability to offer competitively-priced power to the market. As a group, First Gen has multiple power plants and projects in Luzon, Visayas, and Mindanao.

The successful privatization of NPC assets and NPC-IPP contracts in Luzon and Visayas, coupled with the integration of the Luzon and Visayas grids under the WESM, and the initial commercial operations of the RCOA in June 2013, introduced new players and opened competition in the power industry. The Aboitiz group and the San Miguel group are the Company's closest competitors, while conglomerates, such as the Ayala group, have entered the industry.

The performance of the Philippine economy and the historical high returns of power projects in the country have attracted many potential competitors, including multinational development groups and equipment suppliers, to explore opportunities in the development of electric power generation projects in the Philippines. Accordingly, competition for and from new power projects has increased in line with the long-term economic growth in the Philippines. Moving forward, the First Gen Group continues to face competition both in the development of new power generation facilities and the acquisition of existing power plants (if there are any), as well as in securing financing for these capital-intensive projects.

The First Gen Group believes that it will be able to compete because of its track record, competitively-priced portfolio of power generating assets, the reliability of its power plants, its use of clean and renewable fuels, and its expertise and experience in power supply contracting and trading.

Raw Materials and Suppliers

Company	Sources of raw materials	Supplier of raw materials
FGPC/FGP/PMPC/FNPC*	- natural gas / liquid fuel*	Malampaya consortium composed of Shell Philippine Exploration, B.V., Chevron Malampaya, LLC and PNOG Exploration Corporation
FG Bukidnon	- water	The plant is a run-of-river facility
FG Hydro	- water	Water release generally determined by National Irrigation Administration (NIA)
EDC	- steam - solar	Developed by EDC by virtue of Presidential Decree (P.D.) No. 1442. However, as stated above, the Geothermal Service Contracts (GSCs) of EDC (previously governed by P.D. No. 1442) were replaced by Geothermal Renewable Energy Service Contracts (GRESs) effective October 23, 2009. EDC operates the 6.82 MW Burgos Solar Power Plant, which is located within the vicinity of EBWPC, and the 1.03 MW Gaisano Rooftop Solar project, which is in Iloilo City.
EBWPC	- wind	Established and operated by EDC through its subsidiary EBWPC under DOE Certificate of Registration No. WESC 2009-09-004. The wind farm consists of 50 wind turbine generator units of the Class 1 V90-3.0 MW wind turbine generator to be supplied by Vestas Wind Systems.

* FNPC only runs on natural gas

Dependence on one or a few major customers and identity of any such major customers

Meralco is FGPC's and FGP's sole offtaker via 25-year PPA's, while close to 37.3% of EDC's revenues from sale of electricity are derived from existing long-term PPAs with NPC.

FINANCIAL HIGHLIGHTS AND KEY PERFORMANCE INDICATORS

As at March 31, 2017 and December 31, 2016

And For the Quarter Ended March 31, 2017 and 2016

(Amounts in U.S. Dollars and in Thousands, except for ratios, Plant Capacity, and % change)

Selected Financial Data

(Amounts in U.S. Dollar and in thousands)

	31-Mar-17	31-Mar-16 (As restated)	Change	YoY %
	(Unaudited)			
Revenues from sale of electricity	\$428,414	\$420,378	\$8,036	1.9%
Operating income	\$140,973	\$144,248	(\$3,275)	-2.3%
Consolidated net income	\$70,624	\$88,968	(\$18,344)	-20.6%
Net income attributable to equity holders of the Parent Company	\$41,298	\$58,591	(\$17,293)	-29.5%

	31-Mar-17	31-Dec-16	Change	YoY %
	(Unaudited)	(Audited)		
Total assets	\$5,322,746	\$5,289,302	\$33,443	0.6%
Long-term debt (including current portion)	\$2,647,348	\$2,678,132	(\$30,784)	-1.1%

	31-Mar-17	31-Mar-16 (As restated)
Key Performance Indicators		
EBITDA ⁽¹⁾	\$193,077	\$191,449
EPS ⁽²⁾	\$0.009	\$0.014
RNI ⁽³⁾	\$45,062	\$50,556
FCF ⁽⁴⁾	\$175,317	\$116,071
Plant Capacity ⁽⁵⁾	3,477 MW	2,959 MW

- (1) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA). The Company computes EBITDA as earnings before net finance expense, income tax provision, depreciation and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts.
- (2) Earnings per Share (EPS). The Company computes EPS as attributable net income to equity holders of the Company minus preferred dividend, and then the difference is divided by weighted average common shares.
- (3) Recurring Net Income (RNI). The Company computes RNI as net income subtracted by non-recurring items, such as proceeds from liquidated damages, insurance claims, input VAT claims written-off, one-time gains and losses, movements in deferred income taxes, unrealized foreign exchange differences, and MTM gains (loss) on derivative transactions.
- (4) Free Cash Flows (FCF). The Company computes FCF as the sum of movements in net cash flow from operations, net cash flow from investing, and effects of exchange rate.
- (5) Plant Capacity: The Company computes the Plant Capacity as total consolidated capacity in megawatts (MW).

- EBITDA increased slightly for the first quarter of 2017 due to higher contributions from EDC brought by the higher income of the Unified Leyte, Burgos Wind, and BacMan plants and the decrease in staff costs resulting from its organizational restructuring efforts. These were offset by lower contributions from FG Hydro as its ASPA contract expired in February 2017 and from FNPC and PMPC due to the full contribution of operations amid seasonally soft spot market prices for the 1st quarter of 2017.
- EPS decreased for the first quarter of 2017 due to lower attributable net income to equity holders of the Parent following the aforementioned causes in EBITDA. The decrease was supplemented by FNPC's and PMPC's recently added depreciation and amortization in the first quarter of 2017 upon their commercial operations in the latter part of 2016.
- RNI decreased for the first quarter of 2017 as FNPC and PMPC booked net losses from San Gabriel's and Avion's first quarter operations, while FG Hydro registered lower RNI contributions due to the expiration of its ASPA contract in February 2017.
- FCF increased because of the usage of liquid fuel inventories by FGPC and FGP in the first quarter of 2017 brought by the consumption during the Malampaya Outage in February 2017, supplemented by lower capital expenditures in the same period as the construction works of San Gabriel and Avion were in full swing in 2016. The new gas plants started their commercial operations in September 2016 and November 2016, respectively.
- Plant Capacity increased because of the construction completion of the 420 MW San Gabriel and the 97 MW Avion plants in 2016, as well as EDC's 1.03 MW Gaisano Rooftop Solar project, which was completed in January 2017.

Review of March 31, 2017 operations vs. March 31, 2016 operations

The First Gen Group generated a consolidated net income of \$70.6 million in the first quarter of 2017, \$18.4 million or 20.6% lower than the \$89.0 million posted in the first quarter of 2016. Consolidated revenues from the sale of electricity reached \$428.4 million, \$8.0 million or 1.9% higher than the \$420.4 million posted in the same period last year.

Net Income Attributable to Equity Holders of the Parent Company

The net income attributable to the equity holders of the Parent Company decreased by \$17.3 million, or 29.5% to \$41.3 million for the first quarter of 2017, compared to \$58.6 million that was recognized in the first quarter of 2016. The decrease in attributable net income was mainly due to the movements in the contributions of the following subsidiaries:

- An increase in net loss contribution of FNPC by \$10.9 million to \$11.3 million in the first quarter of 2017 compared to \$0.4 million in the first quarter of 2016 due to the full contribution of operating expenses in the period as San Gabriel enters its first full year of operation in 2017, though partially offset by the full contributions of its revenues from sale of electricity in the first quarter;
- FG Hydro's lower attributable net income contribution by \$2.8 million, or 32.1% to \$6.1 million in the first quarter of 2017 compared to \$8.9 million in the first quarter of 2016 primarily due to the decrease in ancillary service revenues upon expiration of its ASPA contract in February 2017, though partially offset by lower interest expenses due to its ₱1.0 billion voluntary debt prepayment in November 2016;
- Lower income contribution from FGPC by \$1.6 million, or 7.3% to \$21.0 million in the first quarter of 2017 compared to \$22.6 million in the first quarter of 2016 mainly due to higher tax provisions resulting from FGPC opting to use the itemized deduction method for computing its taxable income for the year 2017, and the lower interest income from lower investible funds. These were partially offset by lower interest expense on loans in the current period;
- FGP's lower income contribution by \$1.3 million, or 11.8% to \$9.9 million in the first quarter of 2017 compared to \$11.2 million in the first quarter of 2016 due to the foreign exchange loss recognized in the first quarter of 2017 compared to a foreign exchange gain in the first quarter of 2016, and higher provision for deferred income tax; and,
- An increase in net loss contribution from PMPC by \$0.8 million, or 711.1% to \$0.9 million in the first quarter of 2017 compared to \$0.1 million in the first quarter of 2016 due to the full contribution of operating expenses during the period as Avion enters its first full year of operation in 2017, though partially offset by the full contributions of its revenues from sale of electricity in the first quarter.

FIRST GEN MATERIAL CHANGES IN FINANCIAL CONDITION
(March 31, 2017 vs. March 31, 2016)

CONSOLIDATED STATEMENTS OF INCOME

Horizontal and Vertical Analyses of Material Changes for the quarter ended March 31, 2017 and 2016

	HORIZONTAL ANALYSIS				VERTICAL ANALYSIS	
	March 2017	March 2016 (As restated)	2017 vs. 2016	2017 vs. 2016	March 2017	March 2016 (As restated)
Revenues from sale of electricity	\$428,414	\$420,378	\$8,036	1.9%	100.0%	100.0%
TOTAL REVENUES	428,414	420,378	8,036	1.9%	100.0%	100.0%
OPERATING EXPENSES						
Costs of sale of electricity	(244,853)	(233,570)	(11,283)	4.8%	-57.2%	-55.6%
General and administrative expenses	(42,588)	(42,560)	(28)	0.1%	-9.9%	-10.1%
Sub-total	(287,441)	(276,130)	(11,311)	4.1%	-67.1%	-65.7%
FINANCIAL INCOME (EXPENSE)						
Interest income	1,712	2,281	(569)	-24.9%	0.4%	0.5%
Interest expense and financing charges	(41,727)	(45,688)	3,961	-8.7%	-9.7%	-10.9%
Sub-total	(40,015)	(43,407)	3,392	-7.8%	-9.3%	-10.3%
OTHER INCOME (CHARGES)						
Proceeds from insurance claims	130	1,979	(1,849)	-93.4%	0.0%	0.5%
Mark-to-market gain (loss) – financial assets at fair value through profit or loss (FVPL)	132	517	(385)	-74.5%	0.0%	0.1%
Mark-to-market gain on derivatives – net	-	562	(562)	-100.0%	0.0%	0.1%
Foreign exchange gains (losses) – net	(3,860)	6,473	(10,333)	-159.6%	-0.9%	1.5%
Others – net	(537)	(904)	367	-40.6%	-0.1%	-0.2%
Sub-total	(4,135)	8,627	(12,762)	-147.9%	-1.0%	2.1%
INCOME BEFORE INCOME TAX	96,823	109,468	(12,645)	-11.6%	22.6%	26.0%
Provision for (benefit from) Income Tax						
Current	25,087	22,674	2,413	10.6%	5.9%	5.4%
Deferred	1,112	(2,174)	3,286	151.1%	0.3%	-0.5%
	26,199	20,500	5,699	27.8%	6.1%	4.9%
NET INCOME	\$70,624	\$88,968	(\$18,344)	-20.6%	16.5%	21.2%
Net income attributable to:						
Equity holders of the Parent Company	\$41,298	\$58,591	(\$17,293)	-29.5%	9.6%	13.9%
Non-controlling Interests	\$29,326	\$30,377	(\$1,051)	-3.5%	6.8%	7.2%

Revenues from sale of electricity

The following table shows the composition of First Gen Group's consolidated revenues by platform for the quarter ended March 31, 2017 and 2016:

Revenue Mix	31-Mar-17	%	31-Mar-16	%	Changes	%
Natural gas	\$232,904	54.4%	\$228,539	54.4%	\$4,365	1.9%
Geothermal/Wind/Solar	176,519	41.2%	170,318	40.1%	6,201	3.6%
Hydro	16,577	3.9%	21,377	5.1%	(4,800)	-22.5%
Others	2,414	0.5%	144	0.4%	2,270	1,576.4%
	\$428,414	100.0%	\$420,378	100.0%	\$8,036	1.9%

Revenues for the first quarter of 2017 increased by \$8.0 million, or 1.9%, to \$428.4 million compared to \$420.4 million for the same period in 2016. The increase was due to the movements per platform as explained in detail below:

Natural Gas

The increase in revenues was attributable to a \$4.4 million increase from the natural gas plants from \$228.5 million in the first quarter of 2016 to \$232.9 million in the first quarter of 2017. This was mainly due to fresh contributions from the San Gabriel and Avion plants, as the plants declared commercial operations in late 2016. This was partially offset by the lower combined dispatch of the Santa Rita and San Lorenzo power plants of 67.1% during the first quarter of 2017 compared to 83.9% during the same period in 2016 primarily due to the lower plant dispatch request from Meralco and the scheduled major maintenance outage of Santa Rita's Unit 10 in March 2017. These decreases were partially offset by the slightly higher gas prices of the Santa Rita and San Lorenzo power plants (an average of \$7.1/MMBtu in the first quarter of 2017 compared to an average of \$7.0/MMBtu in the first quarter of 2016) and the use of liquid fuel during the Malampaya Outage in February 2017.

Geothermal/Wind/Solar (“GWS”)

There was a \$6.2 million increase in revenues from the GWS platform, or a 3.6% increase in EDC’s consolidated revenues from \$170.3 million in the first quarter of 2016 to \$176.5 million in the first quarter of 2017. This was tempered by an unfavorable impact of foreign exchange translation brought about by a higher weighted average rate in the first quarter of 2017 of \$1.00:₱49.846 compared to \$1.00:₱47.466 in the first quarter of 2016. First Gen translates EDC’s Philippine Peso-denominated revenues into US Dollars. Excluding the unfavorable impact of foreign exchange translation, the GWS platform’s revenues from sale of electricity increased by \$14.3 million, or 8.8% in the first quarter of 2017. This was primarily due to the higher contributions of Unified Leyte and Burgos Wind brought by higher sales volumes and of BacMan resulting from its higher average tariffs with the increase in its contracted quantities, though partially offset by lower sales volumes of Palinpinon and Nasulo.

Hydro

The Hydro platform revenues dropped by \$4.8 million, or 22.5%, from \$21.4 million in the first quarter of 2016 to \$16.6 million in the first quarter of 2017 due to FG Hydro’s lower ancillary service revenues upon the expiration of its ASPA contract in February 2017. FG Bukidnon’s revenues increased as it underwent plant maintenance in the first quarter of 2016 compared to having full operations in the same period in 2017.

Others

Others increased by \$2.3 million or 1,576.4%, from \$0.1 million in the first quarter of 2016 to \$2.4 million in the first quarter of 2017 with the higher revenue contributions of FGES as it is now serving twenty-six (26) customers as of March 31, 2017 compared to only three (3) customers as of March 31, 2016.

Costs of sale of electricity

The details of the Group's consolidated costs and expenses for the quarter ended March 31, 2017 and 2016 are summarized in the following tables:

Costs of sale of electricity	31-Mar-17	%	31-Mar-16	%	Changes	%
Fuel	\$141,639	57.9%	\$139,891	59.9%	\$1,748	1.3%
Depreciation and amortization	50,265	20.5%	44,107	18.9%	6,158	14.0%
Power plant operations and maintenance	40,492	16.5%	36,812	15.8%	3,680	10.0%
Others	12,457	5.1%	12,760	5.5%	(303)	-2.4%
	\$244,853	100.0%	\$233,570	100.0%	\$11,283	4.8%

Costs of sale of electricity	31-Mar-17	%	31-Mar-16	%	Changes	%
Natural gas	\$171,839	70.2%	\$163,286	69.9%	\$8,553	5.2%
Geothermal/Wind/Solar	67,777	27.7%	66,785	28.6%	992	1.5%
Hydro	3,487	1.4%	3,499	1.5%	(12)	-0.3%
Others	1,750	0.7%	–	0.0%	1,750	100%
	\$244,853	100.0%	\$233,570	100.0%	\$11,283	4.8%

The costs of sale of electricity for the period ended March 31, 2017 increased by \$11.3 million, or 4.8% to \$244.9 million in the first quarter of 2017 as compared to \$233.6 million in the first quarter of 2016. The increase was due to the movements per platform as explained in detail below:

Natural Gas

The increase in the costs of sale of electricity of the Natural Gas platform by \$8.5 million, or 5.2% from \$163.3 million in the first quarter of 2016 to \$171.8 million in the first quarter of 2017 was mainly attributable to the San Gabriel and Avion plants as they declared commercial operations in the latter part of 2016. This was supplemented by an increase in fuel costs for the first quarter of 2017 compared to the first quarter of 2016 as a result of slightly higher gas prices (an average of \$7.1/MMBtu in the first quarter of 2017 compared to an average of \$7.0/MMBtu in the first quarter of 2016). These were partially offset by the lower combined dispatch of Santa Rita and San Lorenzo of 67.1% during the first quarter of 2017 compared to 83.9% during the same period in 2016 brought by the scheduled major maintenance outage of Santa Rita’s Unit 10 for the month of March 2017.

GWS

The costs of sale of electricity from the GWS platform increased by \$1.0 million, or 1.5% from \$66.8 million in the first quarter of 2016 to \$67.8 million in the first quarter of 2017. This was due to the higher purchased services and utilities brought by higher fluid collection and reinjection system (FCRS) and maintenance expenses from the Mindanao plants, and the higher repairs and maintenance brought by Burgos Wind’s typhoon recovery costs and higher variable O&M due to the plant’s higher generation. The increase was tempered by an unfavorable impact of foreign exchange translation.

Hydro

The Hydro platform's costs of sale of electricity remained flat at \$3.5 million in the first quarter of 2017, \$0.01 million lower than the costs of sale of electricity in the first quarter of 2016. This was mainly due to the unfavorable impact of foreign exchange translation. Excluding the unfavorable impact of foreign exchange translation, the Hydro platform's costs of sale of electricity increased by \$0.2 million, or 4.7% in the first quarter of 2017. This was due to the higher depreciation and amortization of the plants and the slightly higher dispatch of FG Hydro.

Others

There was an increase of \$1.7 million in the operating costs of FGES from nil in the first quarter of 2016 due to the transmission and distribution costs incurred by FGES from its twenty-three (23) new customers.

G&A Expenses

G&A expenses remained flat at \$42.6 million in the first quarter of 2017, \$0.03 million higher than the G&A expenses in the first quarter of 2016. This was primarily a result of a \$2.3 million increase in taxes, licenses, and insurance from FNPC's and PMPC's expense recognition of their plant insurance upon commercial operations, partially offset by FGPC's lower local business taxes. In addition, there was a \$1.3 million increase in miscellaneous G&A due to EDC's higher provisions for disallowances of Input VAT claims. These were offset by the lower staff costs for EDC primarily due to its organizational restructuring, partially offset by an increase in FGPC's staff costs during the period.

Interest income

Interest income decreased by \$0.6 million, or 24.9% to \$1.7 million for the first quarter of 2017 from \$2.3 million in the first quarter of 2016 primarily due to lower investible funds.

Interest expense and financing charges

Interest expense and financing charges decreased by \$4.0 million, or 8.7% to \$41.7 million for the first quarter of 2017 from \$45.7 million in the first quarter of 2016 due to the payments of the scheduled loan principal amortization, though partially offset by an incremental effect of the higher interest expense incurred by FNPC from its loan upon declaration of commercial operations last November 2016.

Foreign exchange losses – net

For first quarter of 2017, the First Gen Group recognized unrealized foreign exchange losses of \$3.9 million, a reversal from the \$6.5 million unrealized foreign exchange gain booked in the first quarter of 2016. This was due to the reversal of EDC's and the Parent Company's unrealized foreign exchange gains in the first quarter of 2016 to unrealized foreign exchange losses in the same period of 2017 brought by the depreciation of the Peso against the US Dollar in first quarter of 2017 (from US\$1.00:₱49.72 in end-2016 to US\$1.00:₱50.16 in end-March 2017) compared to the appreciation of the Peso against the US Dollar in the first quarter of 2016 (from US\$1.00:₱47.06 in end-2015 to US\$1.00:₱46.07 in end-March 2016).

MTM gain on derivatives – net, and MTM gain on financial assets at FVPL

For the first quarter of 2017, net MTM gain on derivatives and MTM gain on financial assets at FVPL amounted to \$0.1 million, a decrease of \$0.9 million from the \$1.0 million gain that was booked in the first quarter of 2016. The movement was mainly due to the absence of derivative gains in 2017 coupled with a \$0.3 million drop in the MTM gain on financial assets at FVPL.

Other Income / Expenses

For first quarter of 2017, other expenses amounted to \$0.4 million, a reversal from the \$1.1 million gain booked in the first quarter of 2016. In 2016, EDC received proceeds from its insurance claims amounting to \$1.9 million from damages due to typhoons Seniang and Yolanda, while only a small amount of proceeds from insurance claims was received in 2017.

Provision for Income Tax

The provision for income tax increased by \$5.7 million, or 27.8% from \$20.5 million in the first quarter of 2016 to \$26.2 million in the first quarter of 2017. This was mainly due to the reversal of the \$2.2 million benefit from deferred income tax in 2016 to a provision for deferred income tax of \$1.1 million in 2017 due to the depreciation of the Peso against the U.S. Dollar in first quarter of 2017 (from US\$1.00:₱49.72 in end-2016 to US\$1.00:₱50.16 in end-March 2017) compared to the appreciation of the Peso against the U.S. Dollar in the first quarter of 2016 (from US\$1.00:₱47.06 in end-2015 to US\$1.00:₱46.07 in end-March 2016).

Net Income

First Gen's consolidated net income decreased by \$18.3 million, or 20.6%, from \$88.9 million in the first quarter of 2016 to \$70.6 million in the first quarter of 2017. The decrease in net income was mainly due to the movements in the contributions of the following subsidiaries:

- An increase in net loss contribution of FNPC by \$10.9 million to \$11.3 million in the first quarter of 2017 compared to \$0.4 million in the first quarter of 2016 due to the full contribution of operating expenses in the period as San Gabriel enters its first full year of operation in 2017, though partially offset by the full contributions of its revenues from sale of electricity in the first quarter;
- FG Hydro's lower attributable net income contribution by \$4.1 million, or 32.1% to \$8.6 million in the first quarter of 2017 compared to \$12.7 million in the first quarter of 2016 primarily due to the decrease in ancillary service revenues upon expiration of its ASPA contract in February 2017, though partially offset by lower interest expenses due to its ₱1.0 billion voluntary debt prepayment in November 2016;
- Lower income contribution from FGPC by \$1.6 million, or 7.3% to \$21.0 million in the first quarter of 2017 compared to \$22.6 million in the first quarter of 2016 due to higher tax provisions resulting from FGPC opting to use the itemized deduction method for computing its taxable income for the year 2017, and the lower interest income from lower investible funds. These were partially offset by lower interest expense on loans in the current period;
- FGP's lower income contribution by \$1.3 million, or 11.8% to \$9.9 million in the first quarter of 2017 compared to \$11.2 million in the first quarter of 2016 due to the foreign exchange loss recognized in the first quarter of 2017 compared to a foreign exchange gain in the first quarter of 2016, and higher provision for deferred income tax; and,
- An increase in net loss contribution from PMPC by \$0.8 million, or 711.1% to \$0.9 million in the first quarter of 2017 compared to \$0.1 million in the first quarter of 2016 due to the full contribution of operating expenses during the period as Avion enters its first full year of operation in 2017, though partially offset by the full contributions of its revenues from sale of electricity in the first quarter.

Net Income Attributable to Equity Holders of the Parent Company

The net income attributable to the equity holders of the Parent Company decreased by \$17.3 million, or 29.5% to \$41.3 million for the first quarter of 2017, compared to \$58.6 million that was recognized in the first quarter of 2016. The decrease in attributable net income was mainly due to the movements in the contributions of the following subsidiaries:

- An increase in net loss contribution of FNPC by \$10.9 million to \$11.3 million in the first quarter of 2017 compared to \$0.4 million in the first quarter of 2016 due to the full contribution of operating expenses in the period as San Gabriel enters its first full year of operation in 2017, though partially offset by the full contributions of its revenues from sale of electricity in the first quarter;
- FG Hydro's lower attributable net income contribution by \$2.8 million, or 32.1% to \$6.1 million in the first quarter of 2017 compared to \$8.9 million in the first quarter of 2016 primarily due to the decrease in ancillary service revenues upon expiration of its ASPA contract in February 2017, though partially offset by lower interest expenses due to its ₱1.0 billion voluntary debt prepayment in November 2016;
- Lower income contribution from FGPC by \$1.6 million, or 7.3% to \$21.0 million in the first quarter of 2017 compared to \$22.6 million in the first quarter of 2016 due to higher tax provisions resulting from FGPC opting to use the itemized deduction method for computing its taxable income for the year 2017, and the lower interest income from lower investible funds. These were partially offset by lower interest expense on loans in the current period;
- FGP's lower income contribution by \$1.3 million, or 11.8% to \$9.9 million in the first quarter of 2017 compared to \$11.2 million in the first quarter of 2016 due to the foreign exchange loss recognized in the first quarter of 2017 compared to a foreign exchange gain in the first quarter of 2016, and higher provision for deferred income tax; and,
- An increase in net loss contribution from PMPC by \$0.8 million, or 711.1% to \$0.9 million in the first quarter of 2017 compared to \$0.1 million in the first quarter of 2016 due to the full contribution of operating expenses during the period as Avion enters its first full year of operation in 2017, though partially offset by the full contributions of its revenues from sale of electricity in the first quarter.

Adjusting for non-recurring items such as insurance claims, input VAT claims written-off, one-time gains and losses, movements in deferred income taxes, unrealized foreign exchange differences, and MTM gains on derivative transactions, First Gen's RNI attributable to the Parent Company was \$45.1 million for the first quarter of 2017. This was \$5.5 million, or 10.9% lower than the attributable RNI of \$50.6 million in the first quarter of 2016. RNI decreased as FNPC and PMPC contributed net losses as they operated for a first full quarter in 2017 as both were still under construction during the same period of 2016 and FG Hydro's decrease in revenues due to the expiration of its ASPA contract in February 2017.

	For the three-month periods ended March 31	
Amount in USD thousands	2017	2016 (restated)
Net income attributable to the Parent Company	\$41,298	\$58,591
Adjustment of non-recurring items attributable to the Parent Company:		
Unrealized foreign exchange losses (gains) of EDC, FG Hydro, and Red Vulcan	1,428	(2,740)
Unrealized foreign exchange losses (gains) of FGPC, FGP, FNPC and Parent	1,052	(1,344)
Movement in deferred income tax of EDC	440	164
EDC's expenses related to typhoon damages	396	96
EDC's input VAT claims written off	344	284
Movement in deferred income tax of FGPC, FGP, FGES, and Blue Vulcan	242	(2,499)
Insurance proceeds – EDC	(66)	(1,000)
MTM gain on derivatives and MTM gain on financial assets at FVPL of EDC	(62)	(489)
MTM gain on derivatives and MTM gain on financial assets at FVPL of Parent Company	(10)	(57)
EDC's collection of legal fees related to BGI's arbitration	–	(450)
Recurring Net Income attributable to the Parent Company	\$45,062	\$50,556

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Horizontal and Vertical Analyses of Material Changes as of March 31, 2017 and December 31, 2016

	March 31, 2017	Dec. 31, 2016	HORIZONTAL ANALYSIS		VERTICAL ANALYSIS	
(Amounts in US\$ and in Thousands)	(Unaudited)	(Audited)	2017 vs. 2016	2017 vs. 2016	March 31, 2017	Dec. 31, 2016
ASSETS						
Current Assets						
Cash and cash equivalents	\$617,452	\$497,980	\$119,472	24.0%	11.6%	9.4%
Receivables	325,545	344,482	(18,937)	-5.5%	6.1%	6.5%
Inventories	92,378	118,242	(25,864)	-21.9%	1.7%	2.2%
Financial assets at fair value through profit or loss	22,467	22,534	(67)	-0.3%	0.4%	0.4%
Other current assets	135,616	129,573	6,043	4.7%	2.5%	2.4%
Total Current Assets	1,193,458	1,112,811	80,647	7.2%	22.4%	21.0%
Noncurrent Assets						
Property, plant and equipment – net	2,702,530	2,746,392	(43,862)	-1.6%	50.8%	51.9%
Goodwill and intangible assets	1,042,708	1,055,587	(12,879)	-1.2%	19.6%	20.0%
Deferred income tax assets – net	29,591	30,711	(1,120)	-3.6%	0.6%	0.6%
Other noncurrent assets	354,459	343,802	10,657	3.1%	6.7%	6.5%
Total Noncurrent Assets	4,129,288	4,176,492	(47,204)	-1.1%	77.6%	79.0%
TOTAL ASSETS	\$5,322,746	\$5,289,303	\$33,443	0.6%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and accrued expenses	\$396,456	\$378,473	\$17,983	4.8%	7.4%	7.2%
Income tax payable	31,221	11,617	19,604	168.8%	0.6%	0.2%
Dividends payable	-	14,719	(14,719)	-100.0%	0.0%	0.3%
Loans payable	15,230	-	15,230	100.0%	0.3%	0.0%
Due to a related party	145	145	0	0.0%	0.0%	0.0%
Current portion of:						
Long-term debts	362,412	289,274	73,138	25.3%	6.8%	5.5%
Derivative liabilities	108	88	20	22.7%	0.0%	0.0%
Total Current Liabilities	805,572	694,316	111,256	16.0%	15.1%	13.1%
Noncurrent Liabilities						
Long-term debts – net of current portion	2,284,936	2,388,858	(103,922)	-4.4%	42.9%	45.2%
Retirement and other post-employment benefits	27,663	26,306	1,357	5.2%	0.5%	0.5%
Derivative liabilities – net of current portion	15,257	16,347	(1,090)	-6.7%	0.3%	0.3%
Deferred income tax liabilities – net	33,378	32,861	517	1.6%	0.6%	0.6%
Other noncurrent liabilities	41,378	41,048	330	0.8%	0.8%	0.8%
Total Noncurrent Liabilities	2,402,612	2,505,420	(102,808)	-4.1%	45.1%	47.4%
Total Liabilities	3,208,184	3,199,736	8,448	0.3%	60.3%	60.5%
Equity Attributable to Equity Holders of the Parent Company						
Redeemable preferred stock	69,345	69,345	0	0.0%	1.3%	1.3%
Common stock	75,123	75,123	0	0.0%	1.4%	1.4%
Additional paid-in capital	1,165,366	1,165,366	0	0.0%	21.9%	22.0%
Deposits for future stock subscriptions	2,139	2,139	0	0.0%	0.0%	0.0%
Accumulated unrealized gain on Available-for-sale (AFS) financial assets	379	345	34	9.9%	0.0%	0.0%
Cumulative translation adjustments	(144,194)	(135,488)	(8,706)	6.4%	-2.7%	-2.6%
Equity reserve	(378,744)	(378,744)	0	0.0%	-7.1%	-7.2%
Retained earnings	1,028,244	986,981	41,263	4.2%	19.3%	18.7%
Cost of stocks held in treasury						
Redeemable preferred stock	(102,953)	(97,829)	(5,124)	5.2%	-1.9%	-1.8%
Common stock	(24,289)	(24,289)	0	0.0%	-0.5%	-0.5%
Sub-total	1,690,416	1,662,949	27,467	1.7%	31.8%	31.4%
Non-controlling Interests	424,146	426,618	(2,472)	-0.6%	8.0%	8.1%
Total Equity	2,114,562	2,089,567	24,995	1.2%	39.7%	39.5%
TOTAL LIABILITIES AND EQUITY	\$5,322,746	\$5,289,303	\$33,443	0.6%	100.0%	100.0%

Cash and cash equivalents

Cash and cash equivalents increased by \$119.4 million, or 24.0%, from \$498.0 million as of end-December 2016 to \$617.4 million as of end-March 2017 due to cash from operating activities brought by EBITDA contributions from FGPC, FGP, FG Hydro and EDC, and the conversion of a portion of FGPC's and FGP's fuel inventories into cash upon consumption of liquid fuel during the Malampaya Outage. This was partially offset by the debt service payments of EDC, FNPC, and the Parent Company, as well as the dividend payments to preferred shareholders, supplemented by additions to Plant, property, and equipment and the buyback of Series "F" and "G" preferred stocks during the period.

Receivables

Receivables decreased by \$18.9 million, or 5.5%, from \$344.4 million as of end-December 2016 to \$325.5 million as of end-March 2017 mainly as a result of EDC having two months' worth of receivables from NPC in 2016 compared to having one month's worth at the end of the first quarter of 2017, and FGPC's lower trade receivables from Meralco due to the lower dispatch of the plant.

Inventories

Inventories decreased by \$25.9 million, or 21.9%, from \$118.2 million as of end-December 2016 to \$92.3 million as of end-March 2017 primarily due to FGPC's and FGP's consumption of liquid fuel during the Malampaya Outage in February 2017.

Other current assets

Other current assets increased by \$6.0 million, or 4.7%, from \$129.6 million as of end-December 2016 to \$135.6 million as of end-March 2017 mainly due to EDC's higher prepaid expenses, though partially offset by EDC's lower prepaid taxes and FNPC's and PMPC's decrease in Input VAT from the purchases related to the construction of the San Gabriel and Avion power plants in 2016.

Property, plant, and equipment

Property, plant and equipment decreased by \$43.9 million, or 1.6%, from \$2,746.4 million as of end-December 2016 to \$2,702.5 million as of end-March 2017 due to the depreciation of existing Property, plant and equipment partially offset by additions to EDC for its capital maintenance requirements.

Goodwill and intangible assets

Goodwill and intangible assets decreased by \$12.9 million, or 1.2%, from \$1,055.6 million as of end-December 2016 to \$1,042.7 million as of end-March 2017 primarily due to foreign exchange adjustments in Red Vulcan's goodwill in EDC brought about by the difference in reporting date-end foreign exchange rates (\$1.00:₱50.16 in March 2017 vs. \$1.00:₱49.72 in December 2016), supplemented by the amortization of other intangible assets, such as the concession rights of EDC, pipeline rights of FGP, water rights of FG Hydro, transmission line rights of FGPC, and computer hardware and software during the period.

Other noncurrent assets

Other noncurrent assets increased by \$10.7 million, or 3.1%, from \$343.8 million as of end-December 2016 to \$354.5 million as of end-March 2017 mainly due to First Gen's higher prepaid major spare parts brought by the capitalization of FGPC's and FGP's O&M charges during the quarter to cover the estimated cost of turbine blades and vanes that are expected to be replaced in the next scheduled major maintenance outage, supplemented by EDC's higher prepaid expenses.

Accounts payable and accrued expenses

Accounts payable and accrued expenses increased by \$18.0 million, or 4.8%, from \$378.5 million as of end-December 2016 to \$396.5 million as of end-March 2017 primarily due to the accrued dividends payable of EDC for its common and preferred stockholders for the period, supplemented by FNPC's higher interest and financing costs due to the loan in the newly-operating San Gabriel. This increase was partially offset by a decrease in EDC's lower trade payables to its suppliers.

Income tax payable

Income tax payable significantly increased by \$19.6 million, or 168.8%, from \$11.6 million as of end-December 2016 to \$31.2 million as of end-March 2017 due to having two quarters' worth of taxes payable (fourth quarter of 2016 and first quarter of 2017) as at March 31, 2017 compared to having only one quarter's worth of taxes payable (fourth quarter of 2016) as at December 31, 2016, supplemented by FGPC's higher payable as it opted to compute its 2017 taxable income using the itemized deduction method.

Dividends payable

Dividends payable decreased by \$14.7 million to nil in the first quarter of 2017 due to the payment of cash dividends to Series "B", "E", "F" and "G" preferred shareholders in January 2017.

Loans payable

Loans payable increased to \$15.2 million in the first quarter of 2017 from nil as of December 31, 2016 due to a short-term loan availed by FGPC from the Bank of Tokyo-Mitsubishi UFJ for payment of the liquid fuel used during the Malampaya Outage.

Long-term debt – current portion

The current portion of long-term debt increased by \$73.1 million or 25.3%, from \$289.3 million as of end-December 2016 to \$362.4 million as of end-March 2017 mainly due to an increase in the current portion of EDC's \$300.0 million Notes brought by its early redemption, and the higher current portion of the Parent's \$200.0 million Term Loan as scheduled debt payments are higher this year.

Long-term debt – net of current portion

Long-term debt decreased by \$103.9 million, or 4.4%, from \$2,388.8 million as of end-December 2016 to \$2,284.9 million as of end-March 2017 due to debt service payments and the transfer to the current portion of Long-term debt.

Retirement and other post-employment benefits

This account increased by \$1.4 million, or 5.2%, from \$26.3 million as of end-December 2016 to \$27.7 million as of end-March 2017 mainly due to EDC's recognition of retirement expense provisions.

Derivative liabilities – net of current portion

Derivative liabilities decreased by \$1.1 million, or 6.7%, from \$16.3 million as of end-December 2016 to \$15.2 million as of end-March 2017 due to favorable movements in the MTM valuation of FGPC's interest rate swaps as a result of actual LIBOR rates going above projections in March 2017 as compared to the LIBOR projections in December 2016, though offset by unfavorable movements in EBWPC's derivative instruments as its interest rate swap agreements resulted in MTM losses.

Cumulative translation adjustments

The Cumulative translation adjustments account increased by \$8.7 million, or 6.4%, from \$135.5 million as of end-December 2016 to \$144.2 million as of end-March 2017 due to the unfavorable difference on foreign exchange translation of the assets and liabilities of the subsidiaries whose functional currency is the Philippine Peso, such as EDC and PMPC, to U.S. Dollar to conform to First Gen's U.S. Dollar functional currency reporting.

Retained earnings

Retained earnings increased by \$41.2 million, or 4.2%, from \$987.0 million as of December 31, 2016 to \$1,028.2 million as of March 31, 2017. The increase was due to the earnings of the Company for the first quarter of 2017 amounting to \$41.3 million.

Cost of common and preferred stocks held in treasury

Cost of common and preferred stocks held in treasury increased by \$5.1 million, or 4.2%, from \$122.1 million as of December 31, 2016 to \$127.2 million as of March 31, 2017 following the buyback of Series "F" and "G" preferred stocks totaling \$5.1 million from the open market during the period.

LIQUIDITY AND CAPITAL RESOURCES

We rely largely on operating cash flows, borrowings, long-term debt, and capital-raising through the issuance of shares to provide our liquidity requirements. Due to our significant operating cash flows as well as our financial assets, access to capital markets, available lines of credit, and revolving credit agreements, we believe that we have, and will maintain, the ability to meet our liquidity needs for the foreseeable future, which include:

- the working capital requirements of our operations;
- investments in our business;
- dividend payments;
- share repurchases;
- paying down outstanding debt;
- contributions to our retirement plans and other post-employment benefits; and
- business development activities.

The near-term outlook for our business remains sound, and we expect to generate ample cash flows from operations and financing activities in 2017, which will give us significant flexibility to meet our financial commitments. We normally use debt financing to lower our overall cost of capital and increase our return on stockholders' equity. We have a history of borrowing funds domestically and internationally, and continue to have the ability to borrow funds at reasonable interest rates.

The following table shows our consolidated cash flows for the quarter ended March 31, 2017 and 2016, and provides certain relevant measures of our liquidity and capital resources as at March 31, 2017 and December 31, 2016:

<i>(in Thousand U.S. Dollars except for % change)</i>	For the quarter ended March 31			
	2017	2016	Change	YoY%
Consolidated Cash Flows				
Net cash flows from operating activities	\$207,110	\$170,674	\$36,436	21.3%
Net cash flows used in investing activities	(31,254)	(54,682)	23,428	-42.8%
Net cash flows used in financing activities	(55,845)	(51,509)	(4,336)	8.4%
Total Capital Expenditures ¹	\$22,549	\$48,102	(\$25,553)	-53.1%
Capitalization	31-Mar-17	31-Dec-16		
Interest-bearing long-term debt:				
Current portion	\$362,412	\$289,274		
Non-current portion	2,284,936	2,388,858		
Total interest-bearing long-term debt	2,647,348	2,678,132		
Total equity attributable to equity holders of the Parent Company	1,690,416	1,662,949		
	<u>\$4,337,764</u>	<u>\$4,341,081</u>		
Other Selected Financial Data				
Total assets	\$5,322,746	\$5,289,303		
Cash and cash equivalents	617,452	497,980		
Financial assets at FVPL	22,467	22,534		

¹ Total capital expenditures include additions to property, plant and equipment, exploration and evaluation assets, intangible assets, and capitalized borrowing costs for the year regardless of whether payment was made or not.

The First Gen Group's consolidated assets as at March 31, 2017 amounted to \$5.32 billion compared to \$5.29 billion as of December 31, 2016. Consolidated cash and cash equivalents and short-term investments in FVPL amounted to \$639.9 million as of March 31, 2017 compared to \$520.5 million as of December 31, 2016.

Principal sources of cash and cash equivalents in the first quarter of 2017 were generated from the Company's operations, which were partially offset by the scheduled principal and interest payments on the Company's existing loans, payments of dividends to the preferred stockholders, and the buyback of Series "F" and "G" preferred stocks in the open market during the period.

Cash Flows from Operating Activities

Net cash flows provided by operating activities for the first quarter of 2017 increased by 21.3%, or \$36.4 million to \$207.1 million from \$170.7 million due to the usage of liquid fuel inventories for the first quarter of 2017 during the Malampaya Outage in February 2017 and lower trade receivables from Meralco due to lower plant dispatch, supplemented by an increase in operating income contributions of EDC. This was partially offset by the higher decrease in EDC's trade payables.

Cash Flows from Investing Activities

Net cash flows used in investing activities for the first quarter of 2017 decreased by 42.8%, or \$23.4 million to \$31.3 million from \$54.7 million in the first quarter of 2016. This was primarily due to the capital expenditures of San Gabriel and Avion that occurred in 2016 brought by the construction works of the power plants, though partially offset by the net purchases of financial assets at FVPL in the first quarter of 2016 while nil in the same period of 2017.

Cash Flows from Financing Activities

Net cash flows used in financing activities for the first quarter of 2017 increased by 8.4%, or \$4.3 million from \$51.5 million in the first quarter of 2016 to \$55.8 million in the same period of 2017. This was due to the payment of FNPC's loan, supplemented by the partial redemption of Series "F" and Series "G" preferred stocks in the first quarter of 2017, while nil in the same period of 2016. This was partially offset by proceeds from loans payable from FGPC's short-term loan for the payment of liquid fuel that was used during the Malampaya Outage in February 2017.

Debt Financing

Movements in the financing activities for the quarter ended March 31, 2017 are mainly due to the scheduled principal and interest payments of First Gen and its subsidiaries amounting to \$51.3 million. The cash outflows from financing activities were partially offset by FGPC's short-term loan for the payment of liquid fuel.

Below is the schedule of debt maturities based on the total outstanding debt of the First Gen Group as of March 31, 2017:

Year Due	(In thousand US\$)
Within one year	300,508
2 to 3 years	464,289
4 to 5 years	795,558
More than 5 years	1,130,907
	<u>2,691,262</u>

Loan Covenants

Our consolidated debt instruments contain restrictive covenants, including covenants that require us to comply with specified financial ratios and other financial tests principally at the end of each quarterly period. We have complied with all of our maintenance financial ratios as required under our loan covenants and other debt instruments.

As of March 31, 2017 and December 31, 2016, we are in compliance with all of our debt covenants.

See Note 13 - Long-term Debts - Loan Covenants to the accompanying unaudited interim condensed consolidated financial statements for a detailed discussion of our debt covenants.

Financing Requirements

We believe that our available cash, including cash flow from operations, will provide sufficient liquidity to fund our projected operating, investment, capital expenditures, and debt service requirements for the next 12 months.

Dividends

The Company currently has both preferred and common shares in its capital structure.

For the preferred shares, the Company paid cash dividends to its preferred shareholders amounting to \$14.7 million and \$31.7 million for the periods as at March 31, 2017 and December 31, 2016, respectively. On June 15, 2016, the First Gen Board of Directors (BOD) approved the declaration of cash dividends to its preferred shareholders amounting to \$15.5 million, which was paid on July 25, 2016. On November 28, 2016, the First Gen BOD approved the declaration of cash dividends to its preferred shareholders amounting to \$14.7 million, which was paid on January 25, 2017.

Off-Balance Sheet Arrangements

There are no off-balance sheet arrangements that have or are reasonably likely to have any current or future effect on our financial position, results of operations, cash flows, changes in stockholder's equity, liquidity, capital expenditures or capital resources that are material to investors.

FINANCIAL SOUNDNESS INDICATORS

First Gen Consolidated	March 2017	March 2016	December 2016 (Full year)
<i>Liquidity</i>			
Current ratio	1.48x	1.81x	1.60x
Quick ratio	1.17x	1.45x	1.21x
<i>Solvency/Financial leverage</i>			
Debt-to-equity ratio	1.52x	1.70x	1.53x
Interest-bearing debt-to-equity ratio (times)	1.26x	1.41x	1.28x
Asset-to-equity ratio	2.52x	2.70x	2.53x
<i>Profitability</i>			
Return on assets (%) – annualized	5.32%	6.35%	5.40%
Return on equity (%) – annualized	13.44%	17.29%	14.25%

Financial Soundness Indicators	Details
Current ratio	Calculated by dividing Current assets over Current liabilities. This ratio measures the company's ability to pay short-term obligations.
Quick ratio	Calculated by dividing Cash and cash equivalents plus Receivables over Total current liabilities. This ratio measures a company's solvency.
Debt-to-equity ratio (times)	Calculated by dividing Total liabilities over Total equity. This ratio expresses the relationship between capital contributed by the creditors and the owners.
Interest-bearing debt-to-equity ratio (times)	Calculated by dividing Total interest-bearing debt over Total equity. This ratio measures the percentage of funds provided by the lenders/creditors.
Asset-to-equity ratio (times)	Calculated by dividing Total assets over Total equity.
Annualized Return on Assets	Calculated by dividing the numerator of the net income for the period times 4, by the denominator of the average of the total assets as of the end of the year and the beginning of the year. This ratio measures how the company utilizes its resources to generate profits.
Return on Assets	Calculated by dividing the Consolidated net income for the year by the Average total assets. This ratio measures how the company utilizes its resources to generate profits.
Annualized Return on Equity	Calculated by dividing the numerator of the net income for the period times 4, by the denominator of the average of the total equity at the end of the year and the beginning of the year. This ratio measures how much profit a company earned in comparison to the amount of shareholder equity found on the consolidated statement of financial position.
Return on Equity	Calculated by dividing the Consolidated net income for the year by the Average total equity. This ratio measures how much profit a company earned in comparison to the amount of shareholder equity found on the consolidated statement of financial position.

DISCUSSIONS OF MAJOR SUBSIDIARIES

FGPC

(UNAUDITED)	For the periods ended March 31	
(in USD thousands)	2017	2016
Revenues from sale of electricity	143,429	147,875
Operating income	36,518	36,223
Net income	21,943	24,939
	As of the periods ended	
(in USD thousands)	Mar. 31, 2017 (Unaudited)	Dec. 31, 2016 Audited
Total assets	759,509	715,442
Debt – net of debt issuance costs	220,228	220,011
Other liabilities	245,548	223,996
Total equity	293,733	271,435

March 2017 vs. March 2016 Results

FGPC's revenues for the 1st quarter of 2017 decreased by \$4.5 million, or 3.0%, to \$143.4 million from \$147.9 million for the same period in 2016. The decrease was primarily due to lower dispatch in 2017 (61.4% in 2017 compared to 81.8% in 2016) resulting from the scheduled major outage of Unit 10 during the first quarter of 2017. This was partially offset by slightly higher average gas price in 2017 (\$7.1/MMBtu in 2017 from \$6.9/MMBtu in 2016) and higher average Net Dependable Capacity (NDC) values of 1,069.6MW in 2017 compared to 1,040.9MW in 2016.

Operating income slightly increased by \$0.3 million in 2017 mainly due lower power plant operations and maintenance costs partially offset by higher G&A costs. FGPC posted a net income of \$21.9 million for the 1st quarter of 2017, which was lower by \$3.0 million from the \$24.9 million registered in the first quarter of 2016. The decrease was mainly due to FGPC's higher provision for income taxes coupled with lower interest income. These were partially offset by lower interest expense as a result of its scheduled long-term debt payments.

March 2017 vs. December 2016

ASSETS

FGPC's total assets as of March 2017 stood at \$759.5 million, which increased by \$44.1 million, or 6.2%, from a balance of \$715.4 million as of December 31, 2016 due to the movement in the following accounts:

- higher ending cash balance due to cash generated from operations; and
- increase in capitalized prepaid major spare parts on account of the turbine blades.

These were partially offset by:

- lower level of accounts receivables due to lower dispatch;
- lower inventory due to liquid fuel consumption;
- lower AFS financial assets due to unfavorable movement in the MTM valuation; and
- three months depreciation of property, plant and equipment

LIABILITIES AND EQUITY

FGPC's total liabilities amounted to \$465.8 million as of March 31, 2017, higher by \$21.8 million, or 4.9%, from \$444.0 million as of December 31, 2016. The increase in liabilities was primarily due to FGPC's new short term loan, increase in income tax payable and accrual of interest and finance costs on long-term debt. These were partially offset by decrease in derivative liabilities due to favorable movements in the MTM valuation of FGPC's derivative instruments.

Total equity increased by \$22.3 million, or 8.2%, to \$293.7 million as of March 31, 2017 as compared to \$271.4 million at the beginning of the year. The increase in equity was mainly due to the income earned during the first quarter of 2017 coupled with the decrease in the "Accumulated other comprehensive loss" account due to favorable movements in the MTM valuation of FGPC's derivative instruments.

FGP Corp.

(UNAUDITED)	For the periods ended March 31	
(in USD thousands)	2017	2016
Revenues from sale of electricity	82,006	80,750
Operating income	17,737	18,185
Net income	10,735	12,318
	As of the periods ended	
(in USD thousands)	Mar. 31, 2017 (Unaudited)	Dec. 31, 2016 (Audited)
Total Assets	615,694	575,424
Debt – net of debt issuance costs	321,855	321,717
Other Liabilities	154,096	124,347
Total Equity	139,743	129,360

March 2017 vs. March 2016 Results

Total revenues for the period ended March 31, 2017 increased by \$1.3 million, or 1.6%, to \$82.0 million from \$80.8 million for the same period in 2016. The increase in revenues was primarily due to higher fuel revenues from the usage of liquid fuel that resulted from the 20-day scheduled Malampaya Outage in February 2017. However, the increase was partially offset by lower plant dispatch (78.5% in 2017 compared to 87.8% in 2016) and lower average NDC (538.4MW in 2017 compared to 540.4MW in 2016).

Conversely, operating income decreased by \$0.5 million, or 2.5%, to \$17.7 million in the 1st quarter of 2017 from \$18.2 million in the 1st quarter of 2016 mainly due to higher administrative expenses in 2017. Likewise, net income decreased by \$1.6 million, or 12.9%, to \$10.7 million in 2017 from \$12.3 million in 2016 due to higher administrative expenses, foreign exchange losses and recognized provision for deferred income tax.

March 2016 vs. December 2016**ASSETS**

FGP's total assets as of March 2017 stood at \$615.7 million, which increased by \$40.3 million, or 7.0%, from \$575.4 million in 2016 mainly due to higher cash balance generated from operations and higher receivables from FGPC for the purchase of liquid fuel advanced by FGP last January 2017.

LIABILITIES AND EQUITY

As of March 2017, total liabilities increased by \$29.9 million, or 6.7%, to \$476.0 million from last year's \$446.1 million mainly due to the outstanding payable on the liquid fuel importation last January 2017.

Total equity increased by \$10.4 million, or 8.0%, to \$137.9 million as of March 31, 2017 as compared to \$129.4 million as of December 31, 2016. The increase in equity was mainly due to earnings during the period, partly offset by the unfavorable movements in the MTM valuation of FGP's derivative instruments.

FNPC

(UNAUDITED)	For the periods ended March 31	
(in USD thousands)	2017	2016
Revenues from sale of electricity	4,227	–
Operating loss	(7,735)	(334)
Net loss	(11,357)	(434)
	As of the periods ended	
(in USD thousands)	Mar. 31, 2017 (Unaudited)	Dec. 31, 2016 (Audited)
Total assets	447,911	472,123
Debt - net of debt issuance costs	191,289	200,072
Other liabilities	7,108	11,180
Total equity	249,513	260,871

March 2017 vs. March 2016 Results

FNPC has recognized revenues from sale of electricity in the first three months of 2017 amounting to \$4.2 million from nil for the first three months of 2016 as FNPC only started its commercial operations in November 2016. These revenues are generation fees from spot sales to the WESM.

Operating loss is higher by \$7.4 million in the first three months of 2017 to \$7.7 million from \$0.3 million in the same period of 2016 primarily due to gross loss from sale of electricity of \$5.6 million and higher G&A expenses by \$1.8 million. FNPC posted a net loss of \$11.4 million for the first three months of 2017, which was higher by \$10.9 million from the \$0.4 million loss reported in the same period in 2016. In addition to costs of sale of electricity and G&A expenses, interest expense on long-term debt and provision for deferred income tax were recognized in the first three months of 2017.

March 2017 vs. December 2016**ASSETS**

FNPC's total assets as of March 31, 2017 decreased by \$24.2 million, which is 5.1% lower from a balance of \$472.1 million as of December 31, 2016 due to the movement in the following accounts:

- lower ending cash balances generated from operations;
- lower level of accounts receivables;
- the depreciation of Property, plant and equipment for the quarter; and
- amortization of O&M mobilization fee for the quarter.

The decrease was partially offset by the increase in Other current assets and input VAT as of March 31, 2017.

LIABILITIES AND EQUITY

FNPC's total liabilities amounted to \$198.4 million as of March 31, 2017, which is lower by \$12.9 million, or 6.1%, from \$211.3 million as of December 31, 2016. The decrease in liabilities is primarily due to scheduled loan repayments of \$9.6 million as well as payments to trade vendors.

Total equity decreased by \$11.4 million to \$249.5 million as of March 31, 2017 as compared to \$260.9 million as of December 31, 2016 mainly due to its net loss during the period.

PMPC

(UNAUDITED) (in PHP thousands)	For the periods ended March 31	
	2017	2016
Revenues from sale of electricity	162,690	–
Operating loss	(51,416)	(15,806)
Net loss	(45,302)	(5,319)
As of the periods ended		
(in PHP thousands)	Mar. 31, 2017 (Unaudited)	Dec. 31, 2016 (Audited)
Total assets	6,547,114	6,608,586
Total liabilities	151,693	167,863
Total equity	6,395,421	6,440,723

March 2017 vs. March 2016 Results

PMPC has recognized revenues from sale of electricity in the first three months of 2017 amounting to ₱162.7 million from nil for the first three months of 2016 as PMPC only started its commercial operations in September 2016. These revenues are generation fees from spot sales to the WESM.

Operating loss is higher by ₱35.6 million in the first three months of 2017 from ₱15.8 million for the same period in 2016 to ₱51.4 million in 2017 primarily due to higher G&A expenses by ₱36.0 million partially offset by gross income of ₱1.0 million for the first three months of 2017. PMPC posted a net loss of ₱45.3 million for the first three months of 2017, which was higher by ₱40.0 million from the ₱ 5.3 million losses reported in same period in 2016. In addition to costs of sales of electricity and G&A expenses, PMPC booked lower unrealized foreign exchange gains in the first three months of 2017 compared to the same period last year.

March 2017 vs. December 2016**ASSETS**

PMPC's total assets as of March 31, 2017 decreased slightly by ₱61.5 million, lower by 1.0%, from a balance of ₱6,608.6 million as of December 31, 2016 due to the movement in the following accounts:

- lower ending cash balances generated from operations;
- the depreciation of Property, plant and equipment for the quarter; and
- amortization of set-up fees for the Avion O&M.

The decrease was partially offset by higher levels of accounts receivables, inventories, input VAT and other current assets as of March 31, 2017.

LIABILITIES AND EQUITY

PMPC's total liabilities amounted to ₱151.7 million as of March 31, 2017, which is lower by ₱16.1 million, or 9.6%, from ₱167.8 million as of December 31, 2016. The decrease in liabilities is primarily due to payments to suppliers and related parties.

Total equity decreased by ₱45.3 million to ₱6,395.4 million as of March 31, 2017 as compared to ₱6,440.7 million as of December 31, 2016 mainly due to the net loss it incurred during the period.

EDC Consolidated

(UNAUDITED) (Amounts in PHP millions)	For the periods ended March 31	
	2017	2016 (Restated)
Revenues from sale of electricity	9,612.3	9,096.3
Foreign exchange gains (losses), net	(137.2)	249.4
Income before income tax	3,820.0	3,745.2
Net income	3,257.2	3,285.4
Net income attributable to Equity holders of the Parent Company	3,085.7	3,044.9
Recurring Net Income (RNI)	3,414.7	2,871.5
RNI attributable to Equity holders of the Parent Company	3,249.7	2,631.2
	As of the periods ended	
	Mar. 31, 2017 (Unaudited)	Dec. 31, 2016 (Audited)
Total Assets	138,627.0	135,805.8
Total Liabilities	85,229.3	82,995.6
Total Equity	53,397.7	52,810.2

March 2017 vs. March 2016 (Restated) Results

EDC posted a net income of ₱3,257.2 million in the first quarter of 2017, a ₱28.2 million or 0.9% decrease from the ₱3,285.4 million in the first quarter of 2016. Total revenues from sale of electricity increased by ₱516.0 million, or 5.7%, from ₱9,096.3 million in 2016 to ₱9,612.3 million in 2017. The improvement was primarily driven by the ₱465.1 million increase in the combined revenue contribution of Burgos Wind (₱303.4 million) and BGI (₱161.7 million) power generating units. The increase in revenues was partially offset by an increase of ₱216.5 million in costs of sale of electricity, which was partially offset by the ₱154.8 million decrease in G&A expenses. This movement was supplemented by an unfavorable movement in unrealized foreign exchange losses for the three-month period ended March 31, 2017 amounting to ₱137.2 million, a ₱386.6 million reversal from the ₱249.4 million unrealized foreign exchange gains that was recognized during the same period in 2016. The variance was mainly brought about by the depreciation of the Philippine Peso against the U.S. Dollar for the quarter ended March 31, 2017.

EDC's recurring net income increased by 18.9% or ₱543.2 million to ₱3,414.7 million from the ₱2,871.5 million posted during the same period in 2016. The increase was mainly attributable to the ₱516.0 million increase in revenues primarily due to Burgos Wind's and BGI's operations and the ₱300.3 million combined decrease in G&A expenses and interest expenses, offset by ₱319.5 million of a combined increase in cost of sales of electricity and provision for income tax.

ASSETS

Total assets increased by ₱2,821.2 million, or 2.1%, from ₱135,805.8 million as of December 31, 2016 to ₱138,627.0 million as of March 31, 2017, mainly due to cash generated from operating activities. Total cash and cash equivalents increased by ₱3,260.6 million, or 30.8%, from ₱10,599.8 million in December 31, 2016 to ₱13,860.4 million as of March 31, 2017 primarily attributable to the ₱5,968.8 million net cash generated from operating activities, partially offset by scheduled loan and interest repayments, acquisitions of property, plant and equipment, and the settlement of trade payables.

LIABILITIES AND EQUITY

Total liabilities increased by ₱2,233.7 million, or 2.7%, from ₱82,995.6 million as of December 31, 2016 to ₱85,229.3 million as of March 31, 2017 primarily due to the dividend payable accrued for common and preferred stockholders.

Total equity increased by ₱587.5 million, or 1.11%, from ₱52,810.2 million as of December 31, 2016 to ₱53,397.7 million as of March 31, 2017 to mainly due to net income earned during the year, partly reduced by cash dividends declared.

FG Hydro

(Amounts in PHP millions)	For the periods ended March 31 (Unaudited)	
	2017	2016
Operating revenues	813.5	1,012.0
Cost of sales	170.2	162.1
General and administrative expenses (G&A)	83.1	81.4
Operating profit	560.2	768.5
Other (income) expenses – net	(3.7)	30.2
Income before tax	563.9	738.3
Provision for income tax	135.2	153.1
Net income	428.7	585.2
	As of the periods ended	
	Mar. 31, 2017 (Unaudited)	Dec. 31, 2016 (Audited)
Total Assets	6,622.4	6,063.8
Total Liabilities	2,183.5	2,053.6
Total Equity	4,438.9	4,010.2

FG Hydro generated revenues of ₱813.5 million for the period ended March 31, 2017, 19.6% or ₱198.5 million lower than the revenues of ₱1,012.0 million for the same period in 2016. The unfavorable variance was mainly on account of lower ancillary service revenues as its ASPA contract expired in February 2017.

Cost of sales for the period ended March 31, 2017 of ₱170.2 million was 5.0% or ₱8.1 million higher as compared to the ₱162.1 million level for the same period in 2016. The unfavorable variance was mainly due to slightly higher plant operation and maintenance expenses. G&A expenses of ₱83.1 million was 2.1%, or ₱1.7 million higher compared to the ₱81.4 million expense for the same period in 2016. Interest expense for the period ended March 31, 2017 of ₱14.0 million, dropped by 57.1% or ₱18.6 million as compared to ₱32.6 million for the same period in 2016 due to the scheduled debt service payments, its ₱1.0 billion voluntary debt prepayment in November 2016 and a lower interest rate for the period. Provision for current income tax for the period ended March 31, 2017 is 11.7%, or ₱17.9 million lower at ₱135.2 million as compared to ₱153.1 million for the same period in 2016. The favorable variance was partly due to the effect of lower income tax rate of 10.0%, the applicable rate under the Renewable Energy Law, effective February 22, 2017 for the Pantabangan plant and February 27, 2017 for the Masiway plant. Overall, FG Hydro posted a net income of ₱428.7 million for the period ended March 31, 2017, ₱156.5 million or 26.7% lower than the ₱585.2 million reported income for the same period in 2016.

Total assets as of March 31, 2017 stood at ₱6,622.4 million, ₱558.6 million or 9.2% higher than the December 31, 2016 level of ₱6,063.8 million. The favorable variance was mainly due to a higher cash balance in 2017.

As of March 31, 2017, total liabilities stood at ₱2,183.5 million, ₱129.9 million or 6.3% higher than the December 31, 2016 level of ₱2,053.6 million. The unfavorable variance is mainly on account of higher balance of income tax liability as of end of March 31, 2017.

Total equity as of March 31, 2017 of ₱4,438.9 million rose by 10.7% or ₱428.7 million as compared to the December 31, 2016 level of ₱4,010.2 million mainly due to income generated during the period.

FACTORS AFFECTING THE COMPANY'S RESULTS OF OPERATIONS

Set out below are some of the more significant factors that have affected and continue to affect the Company's results of operations.

Impact of Coal

The Philippine electricity market is experiencing an influx of new coal plants due to the persistence of the low coal price outlook of the buyers. The collapse of the U.S. coal market has also been dramatic as low natural gas prices and mounting environmental regulations weaken demand to record lows. Long term forecasts for coal now, however, hover at around the \$70.0 to \$80.0 per metric ton levels.

While the rest of the world is using the least amount of coal to make electricity, cheap coal has established itself as the Philippines' main power generating fuel, where coal-fired plants constitute 65.0% to 70.0% of announced incoming capacities up to 2025. With electric power industry policy and decision makers seemingly oblivious to the fact that the heavy reliance on imported fossil fuel such as coal exposes the Philippines to volatile fuel prices and huge environmental costs, the country is moving towards a coal future. With increased competition putting downward pressure on bilateral contract prices from coal-fired plants, coal-fired power is relatively cheaper compared to geothermal-fired and gas-fired power without considering environmental costs.

Exchange Rate Fluctuations

The functional and presentation currency of some of the Company's subsidiaries is the Philippine Peso. However, its payments for debt service and major materials and services are denominated substantially in U.S. Dollars. Foreign exchange rate fluctuations affect the cost of borrowings, as well as the Philippine Peso value of such in their respective financial statements. The unit prices for majority of the SSAs and PPAs of EDC are indexed to the U.S. Dollar vis-à-vis the Philippine Peso.

Major Risks

The First Gen Group's principal financial liabilities are comprised of loans payable and long-term debts, among others. The main purpose of these financial liabilities is to raise financing for the First Gen Group's growth and operations. The First Gen Group has other various financial assets and liabilities such as cash and cash equivalents, receivables, amounts due to and from related parties, and accounts payable and accrued expenses, which arise directly from its operations.

As a matter of policy, the First Gen Group does not trade its financial instruments. However, the First Gen Group enters into derivative and hedging transactions, primarily interest rate swaps, cross-currency swaps and foreign currency forwards, as needed, for the sole purpose of managing the relevant financial risks that are associated with the First Gen Group's borrowing activities and as required by the lenders in certain cases. The First Gen Group has an Enterprise-Wide Risk Management Program which is aimed at identifying risks based on the likelihood of occurrence and impact to the business, formulate risk management strategies, assess risk management capabilities and continuously monitor the risk management efforts.

The main financial risks arising from the First Gen Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and approves policies for managing each of these risks as summarized below.

Interest Rate Risk

The First Gen Group's exposure to the risk of changes in market interest rate relates primarily to the First Gen Group's long-term debt obligations that are subject to floating interest rates, derivative assets, derivative liabilities, and AFS financial assets.

The First Gen Group believes that prudent management of its interest cost will entail a balanced mix of fixed and variable rate debt. On a regular basis, the Finance team of the First Gen Group monitors the interest rate exposure and presents it to management by way of a compliance report. To manage the exposure to floating interest rates in a cost-efficient manner, the First Gen Group may consider prepayment, refinancing, or hedging the risks as deemed necessary and feasible.

In November 2008, FGPC entered into interest rate swap (IRS) agreements to cover the interest payments for up to 91.0% of its combined debt under the Covered and Uncovered Facilities. Under the swap agreement, FGPC agreed to exchange, at specific intervals, the difference between fixed and variable rate interest amounts calculated by reference to the agreed-upon notional principal amounts.

EDC entered into 12 non-deliverable cross-currency swap (NDCCS) agreements with an aggregate notional amount of \$110.0 million to partially hedge the foreign currency and interest rate risks on its Refinanced Syndicated Term Loan that is benchmarked against US LIBOR and with flexible interest reset feature that allows EDC to select what interest reset frequency to apply (i.e., monthly, quarterly, or semi-annually). As it is EDC's intention to reprice the interest rate on the hedged loan quarterly, EDC utilizes NDCCS with quarterly interest payments and receipts.

EDC's subsidiary, EBWPC, entered into four IRS agreements in the last quarter of 2014 with an aggregate notional amount of US\$150.0 million. This is to partially hedge the interest rate risks on its ECA and Commercial Debt facilities (Foreign Facility) that is benchmarked against the U.S. LIBOR. As it is EBWPC's intention to re-price the interest rate on its foreign facility semi-annually, EBWPC utilizes IRS with semi-annual interest payments and receipts.

In March 2016, EDC entered into three call spread swaps with an aggregate notional amount of \$9.6 million. In June 2016, EDC also entered into additional two call spread contracts with notional amount of \$9.6 million each. These derivative contracts are designed to hedge the possible foreign exchange loss on a portion of the \$80.0 million Term Loan of EDC.

Foreign Currency Risk

Foreign Currency Risk with Respect to Philippine Peso, Euro and Other Foreign Currencies

The First Gen Group's exposure to foreign currency risk arises as the functional currency of the Company and certain subsidiaries, the U.S. Dollar, is not the local currency in its country of operations. Certain financial assets and liabilities as well as some costs and expenses are denominated in various foreign currencies. To manage the foreign currency risk, the First Gen Group may consider entering into derivative transactions, as necessary.

Foreign Currency Risk with Respect to U.S. Dollar

In the case of entities within the First Gen Group with the Philippine Peso as its functional currency, they are mainly exposed to foreign currency risk through monetary assets and liabilities denominated in U.S. Dollar. Any depreciation of the U.S. Dollar against the Philippine Peso posts foreign exchange losses relating to its monetary assets and liabilities.

In the case of EDC, its exposure to foreign currency risk is mitigated to some degree by some provisions of its GRESC's, SSA's, PPA's and Renewable Energy Payment Agreement (REPA). The service contracts allow full cost recovery while its sales contracts include billing adjustments covering the movements in Philippine Peso and the U.S. Dollar rates, U.S. Price and Consumer Indices, and other inflation factors. To further mitigate the effects of foreign currency risk, EDC will prepay, refinance, enter into derivative contracts, or hedge its foreign currency denominated loans whenever deemed feasible.

Credit Risk

The First Gen Group trades only with recognized, reputable and creditworthy third parties and/or transacts only with institutions and/or banks which have demonstrated financial soundness. It is the First Gen Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the level of the allowance account is reviewed on an ongoing basis to ensure that the First Gen Group's exposure to doubtful accounts is not significant.

In the case of EDC, the geothermal and power generation businesses trade with two major customers, NPC and TransCo, both are government-owned and -controlled corporations. Any failure on the part of NPC and TransCo to pay their obligations to EDC would significantly affect EDC's business operations. As a practice, EDC closely monitors its collections from NPC and TransCo, and may charge interest on delayed payments following the provisions in its PPAs and REPA, respectively. Receivable balances are monitored on an ongoing basis to ensure that EDC's exposure to bad debts is not significant. The maximum exposure of trade receivable is equal to the carrying amount.

With respect to credit risk arising from the other financial assets of the First Gen Group, which comprise of cash and cash equivalents, excluding cash on hand, trade and other receivables, financial assets at FVPL, and AFS financial assets, the First Gen Group's exposure to credit risk arises from a possible default of the counterparties with a maximum exposure equal to the carrying amount of these instruments before taking into account any collateral and other credit enhancements.

Concentration of Credit Risk

The Company, through its operating subsidiaries FGP and FGPC, earns substantially all of its revenues from Meralco. Meralco is the largest distribution utility in the Philippines. Meralco is committed to take or pay for the capacity and energy generated by the Santa Rita and San Lorenzo power plants under the existing long-term PPAs which are due to expire in August 2025 and September 2027, respectively. While the PPAs provide mechanisms by which certain costs and obligations including fuel costs, among others, are pass-through to Meralco or are otherwise recoverable from Meralco, it is the intention of the Company, FGP and FGPC to ensure that the pass-through mechanisms, as provided for in their respective PPAs, are followed.

EDC's geothermal and power generation businesses trade with two major customers, namely NPC and TransCo. Any failure on the part of NPC and TransCo to pay their obligations to EDC would significantly affect EDC's business operations.

The First Gen Group's exposure to credit risk arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of the receivables from Meralco, in the case of FGP and FGPC, and the receivables from NPC and TransCo, in the case of EDC.

Liquidity Risk

The First Gen Group's exposure to liquidity risk refers to the lack of funding needed to finance its growth and capital expenditures, service its maturing loan obligations in a timely fashion, and meet its working capital requirements. To manage this exposure, the First Gen Group maintains an amount of internally generated funds on hand and prudently manages the proceeds obtained from sales and fund-raising. On a regular basis, the First Gen Group's Treasury department monitors the available cash balances by preparing cash position reports.

In addition, the First Gen Group has short-term deposits and available credit lines with certain banking institutions. FGP, FGPC, FNPC, EDC, GCGI, BGI, and EBWPC in particular, each maintain a Debt Service Reserve Account to sustain the debt service requirements for the next payment period. As part of its liquidity risk management, the First Gen Group regularly evaluates its projected and actual cash flows. It also continuously assesses the financial market conditions for opportunities to pursue fund raising activities.

Merchant Risk

The Company has two fully-merchant power plants, namely FNPC and PMPC. These plants are exposed to the volatility of spot prices because of supply and demand changes, which are mostly driven due to factors that are outside of the First Gen Group's control. These factors include (but are not limited to) unexpected outages, weather conditions, transmission constraints, and changes in fuel prices. These have caused and are expected to cause instability in the operating results of the aforementioned plants.

The First Gen Group plans to mitigate these risks by having a balanced portfolio of contracted and spot capacities. It intends to contract half of FNPC's capacity. As of March 31, 2017, the First Gen Group was 80% contracted in terms of installed capacity. This percentage is targeted to increase.

PART II – OTHER INFORMATION

RELATED PARTY TRANSACTIONS

For a detailed discussion of the related party transactions, see *Note 18 – Related Party Transactions* to the accompanying unaudited interim condensed consolidated financial statements.

OTHER RELEVANT INFORMATION

Discussion and analysis of material event/s and uncertainties known to management that would address the past and would have an impact on future operations of the following:

- (i) *Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.*

The Company has never been in a default position. The Company's current financing arrangements include standard provisions relating to events of default (e.g. non-payment, cross default, cross acceleration, insolvency, attachment). Any breach of a loan covenant or any material adverse change to the Company's operations or financial standing could trigger an event of default. The Company does not have contingent financial obligation during the reporting period.

- (ii) *Any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the period.*

The Company did not enter into any material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons during the reporting period.

- (iii) *Any known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the Company's liquidity increasing or decreasing in any material way.*

As of March 31, 2017, there were no known trends, events or uncertainties that have had or reasonably expected to have material effect in the Company's liquidity.

- (iv) *Any material commitments for capital expenditures, general purpose of such commitments, and the expected sources of funds for such expenditures should be described.*

The Company has projects in the pipeline at varying degrees of development. These projects are being undertaken through the following platforms:

- a. **Run-of-river hydro:** The Company is strengthening its expertise in hydroelectric power plant construction and development in order to start the construction of the 32 MW Bubunawan run-of-river hydro power project in late 2017. This project is located in Mindanao. Moreover, First Gen has licenses to develop at least two other run-of-river hydro projects in Mindanao; namely, the 33 MW Tagoloan and the 30 MW Puyo.
- b. **LNG terminal:** The Company continues to pursue and employ its pioneering efforts for natural gas by developing an import and regasification LNG terminal by 2023. Its planned construction and operation is in preparation for the eventual exhaustion of the Malampaya gas field and also to support the development of the Philippines gas industry. The Company continues to work on various development activities to be able to advance the project and make a final investment decision. The LNG terminal's Front End Engineering Design ("FEED") has been completed, and it is now going through a tender for the engineering, procurement, and construction ("EPC") Contract. In parallel, the Company has also been working on early site development for the LNG terminal site.
- c. **Natural gas:** The Company is likewise evaluating the construction of two 450 MW natural gas-fired power plants, namely Santa Maria and Saint Joseph. The Company expects that the construction and operation of these new facilities would benefit from synergies throughout the gas projects, such as efficiencies from the shared fuel delivery and fuel storage facilities. The use of similar generating technology will also allow the Company to take advantage of the operational expertise of its personnel.

The commissioning of the plants will be planned in coordination with the progress of the development of the LNG terminal.

- d. **Geothermal:** The Company remains committed to solidify its lead in the Philippine geothermal industry by exploring and developing new geothermal fields. In line with this target, the company secured five geothermal projects through the execution of RE Contracts with the DOE. Surveys and resource assessments of these projects are being finalized.
 - e. **Wind and Solar:** The Company has 10 wind energy service contracts, nine of which are undergoing feasibility studies while one is operational. Moreover, it has four solar energy service contracts, two of which are undergoing feasibility studies, while two are operational.
- (v) ***Any known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales or revenues or income from continuing operations should be described.***

The uncontracted portion of the Company's generation capacity may have a significant impact on the Company's overall financial performance should spot market prices of electricity become unfavorable. Spot prices are mostly determined by the supply and demand situation prevailing in the market.

- (vi) ***Any significant elements of income or loss that did not arise from the registrant's continuing operations.***

There were no significant elements of income or loss that arose from continuing operations.

- (vii) ***Any seasonal aspects that had a material effect on the financial condition or results of operations.***

FG Hydro's and FG Bukidnon's sale of electricity are affected by seasonality or cyclicity of interim operations.

For EDC's Burgos Wind, higher revenue and operating profits are expected in the first and last quarters of the year based on the wind generation profile of Burgos. Meanwhile, EDC's Burgos Solar and Gaisano Solar are expected to generate higher revenues during the summer months.

- (viii) ***Any material events subsequent to the end of interim period that have not been reflected in the financial adjustments of the interim period.***

There were no material events that occurred subsequent to the balance sheet date.

FIRST GEN CORPORATION AND SUBSIDIARIES
AGING OF RECEIVABLES

Amounts in U.S. Dollars and in Thousands

	Current	More than 30 days past due	More than 30 days to 1 year past due	More than 1 year past due	Total
Trade	\$225,054	\$9,709	\$31,661	\$52,358	\$318,782
Related parties	1,673	—	—	—	1,673
Loans and notes receivables	1,403	—	—	—	1,403
Others	1,192	1,330	3,036	600	6,158
	229,322	11,039	34,697	52,958	328,016
Less: allowance for impairment losses	—	—	—	(2,471)	(2,471)
	\$229,322	\$11,039	\$34,697	\$50,487	\$325,545

FIRST GEN CORPORATION AND SUBSIDIARIES
**SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS
MARCH 31, 2017**

List of Philippine Financial Reporting Standards (PFRSs) and Philippine Interpretations Committee (PIC) Q&A's effective as of March 31, 2017:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2017		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary			✓	
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✓
PFRS 2	Share-based Payment	✓		
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments*	Not Early Adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities - Applying the Consolidation Exception*	Not Early Adopted		
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations*	Not Early Adopted		
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts*	Not Early Adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendments to PAS 1: Disclosure Initiatives*	Not Early Adopted		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		

*Standards and interpretations which will become effective subsequent to January 1, 2016.

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16: Clarification of Acceptable Methods of Depreciation*	Not Early Adopted		
	Amendments to PAS 16: Bearer Plants*	Not Early Adopted		
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans: Employee Contribution		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
PAS 23 (Revised)	Borrowing Costs	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements*	Not Early Adopted		
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28: Investment Entities - Applying the Consolidation Exception*	Not Early Adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		

**Standards and interpretations which will become effective subsequent to January 1, 2016.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2017		Adopted	Not Adopted	Not Applicable
PAS 38	Intangible Assets	✓		
	Amendments to PAS 38: Clarification of Acceptable Methods of Amortization*	Not Early Adopted		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants*	Not Early Adopted		
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✓
IFRIC 4	<i>Determining Whether an Arrangement Contains a Lease</i>	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC 6	<i>Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment</i>			✓
IFRIC 7	<i>Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies</i>			✓
IFRIC 8	<i>Scope of PFRS 2</i>	✓		
IFRIC 9	Reassessment of Embedded Derivatives	✓		
IFRIC 10	<i>Interim Financial Reporting and Impairment</i>			✓
IFRIC 11	PFRS 2 - Group and Treasury Share Transactions	✓		
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			
IFRIC 15	Agreements for the Construction of Real Estate*	Not Early Adopted		
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓

*Standards and interpretations which will become effective subsequent to January 1, 2016.

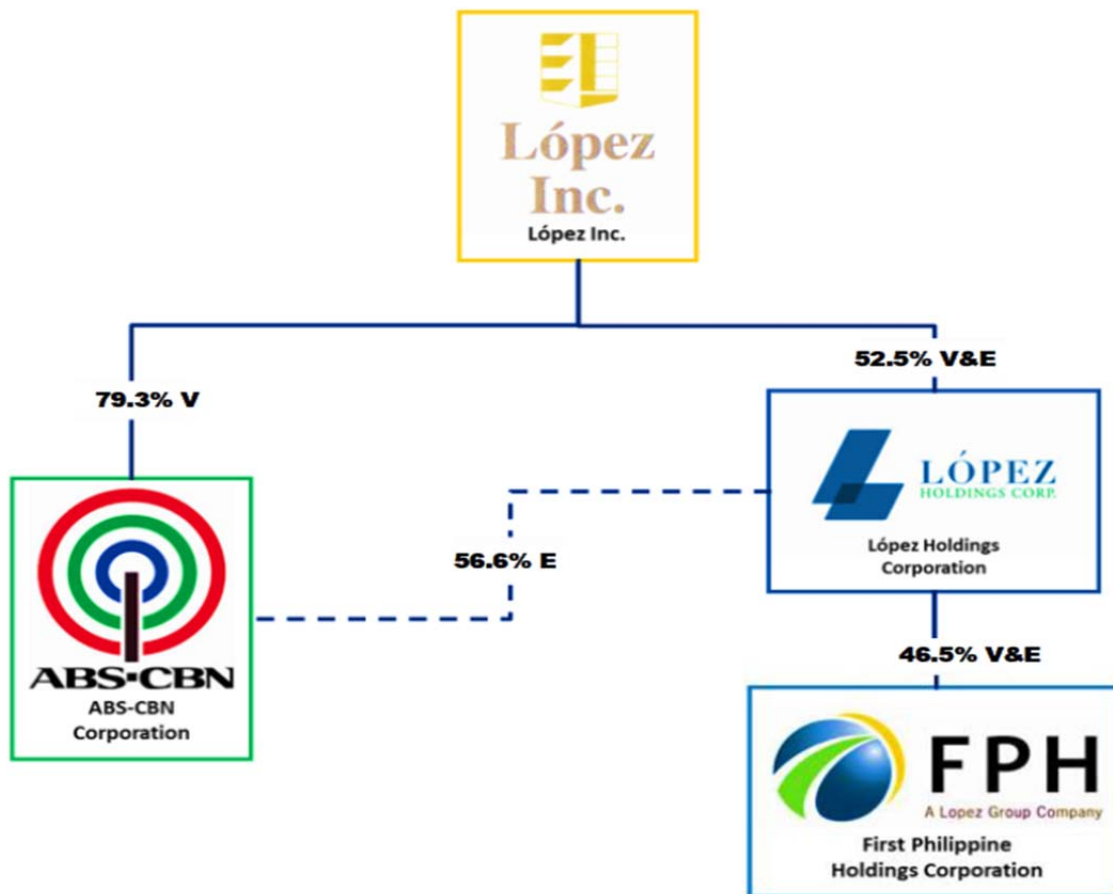
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of March 31, 2017		Adopted	Not Adopted	Not Applicable
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

**Standards and interpretations which will become effective subsequent to January 1, 2016.*

Note: Standards and interpretations tagged as “Not Applicable” are those standards and interpretations which were adopted but the entity has no significant covered transaction as at and for the three-month period ended March 31, 2017.

MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE LOPEZ GROUP

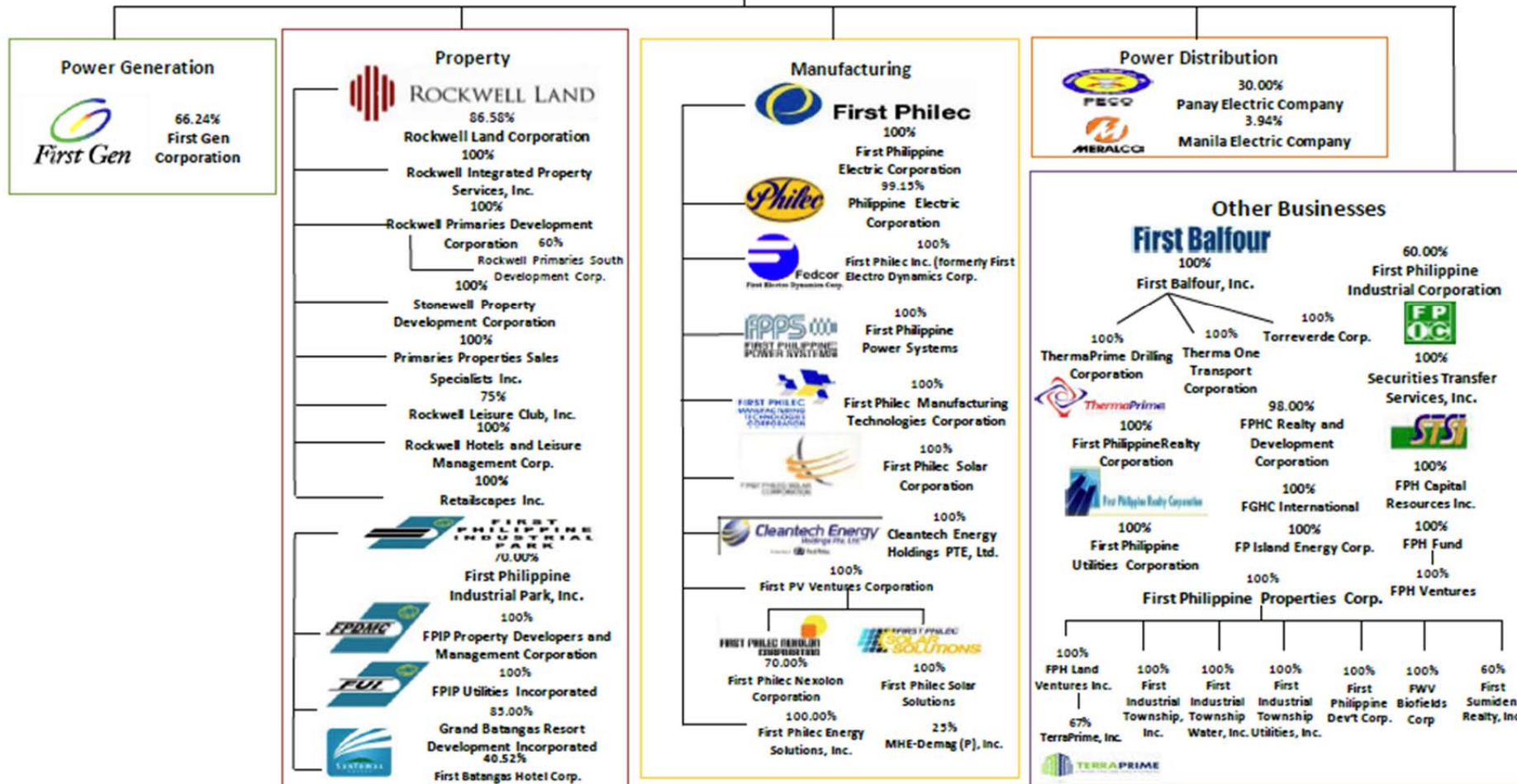
MAP OF THE COMPANIES WITHIN THE LOPEZ GROUP
AS OF MARCH 31, 2017



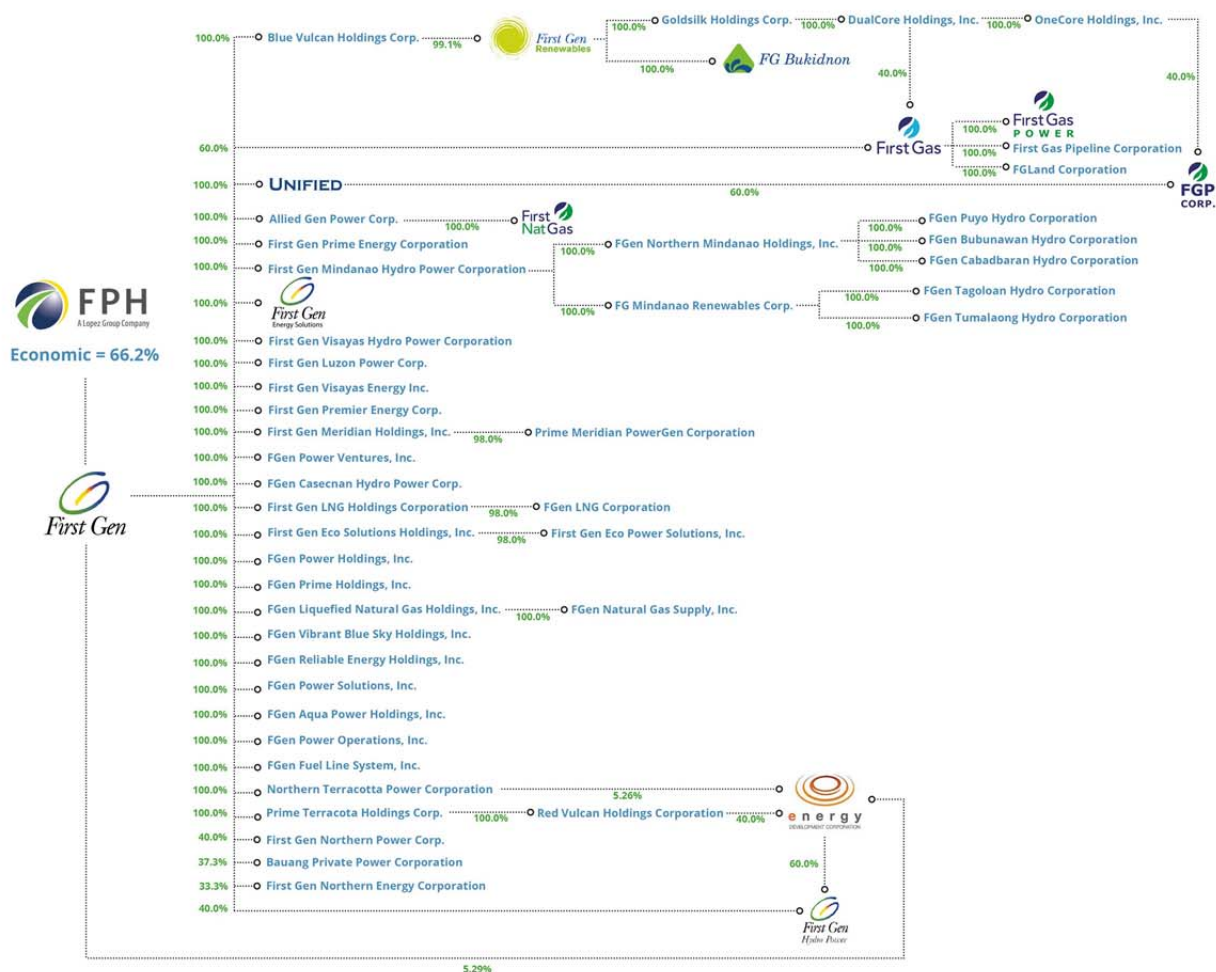
Legend:

E = Economic

V = Voting



FPH's Corporate Structure as of March 31, 2017

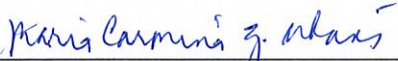


FGEN's Corporate Structure as of March 31, 2017

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FIRST GEN CORPORATION



MARIA CARMINA Z. UBAÑA
Vice President and Comptroller



EMMANUEL P. SINGSON
SVP, CFO and Treasurer

May 8, 2017

First Gen Corporation and Subsidiaries
Unaudited Interim Condensed Consolidated Financial Statements
March 31, 2017 (With Comparative Audited Figures as at December 31, 2016)
and For the Three-Month Periods Ended March 31, 2017 and 2016
(In U.S. Dollars)

FIRST GEN CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****(Amounts in U.S. Dollars and in Thousands)**

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	\$617,452	\$497,980
Receivables (Notes 5 and 18)	325,545	344,482
Inventories (Note 6)	92,378	118,242
Financial assets at fair value through profit or loss (FVPL) (Notes 7, 18 and 19)	22,467	22,534
Other current assets (Note 8)	135,616	129,573
Total Current Assets	1,193,458	1,112,811
Noncurrent Assets		
Property, plant and equipment (Notes 9 and 13)	2,702,530	2,746,392
Goodwill and intangible assets (Note 10)	1,042,708	1,055,587
Deferred income tax assets - net	29,591	30,711
Other noncurrent assets (Note 11)	354,459	343,802
Total Noncurrent Assets	4,129,288	4,176,492
TOTAL ASSETS	\$5,322,746	\$5,289,303

LIABILITIES AND EQUITY

Current Liabilities		
Accounts payable and accrued expenses (Notes 12 and 19)	\$396,456	\$378,473
Income tax payable	31,221	14,719
Dividends payable	–	11,617
Loans payable (Note 13)	15,230	–
Due to a related party (Note 18)	145	145
Current portion of:		
Long-term debts (Notes 9 and 13)	362,412	289,274
Derivative liabilities (Note 20)	108	88
Total Current Liabilities	805,572	694,316
Noncurrent Liabilities		
Long-term debts - net of current portion (Notes 9 and 13)	2,284,936	2,388,858
Retirement and other post-employment benefits	27,663	26,306
Derivative liabilities - net of current portion (Note 20)	15,257	16,347
Deferred income tax liabilities - net	33,378	32,861
Other noncurrent liabilities (Note 14)	41,378	41,048
Total Noncurrent Liabilities	2,402,612	2,505,420
Total Liabilities	\$3,208,184	\$3,199,736

(Forward)

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Equity Attributable to Equity Holders of the Parent		
Company (Note 15)		
Redeemable preferred stock	\$69,345	\$69,345
Common stock	75,123	75,123
Additional paid-in capital	1,165,366	1,165,366
Deposit for future stock subscriptions	2,139	2,139
Accumulated unrealized gain on available-for-sale (AFS) financial assets - net	379	345
Cumulative translation adjustments (Note 20)	(144,194)	(135,488)
Equity reserve	(378,744)	(378,744)
Retained earnings	1,028,244	986,981
Cost of stocks held in treasury:		
Redeemable preferred stock	(102,953)	(97,829)
Common stock	(24,289)	(24,289)
	1,690,416	1,662,949
Non-controlling Interests	424,146	426,618
Total Equity	2,114,562	2,089,567
TOTAL LIABILITIES AND EQUITY	\$5,322,746	\$5,289,303

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

FIRST GEN CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in U.S. Dollars and in Thousands, Except per Share Data)

	For the Three-Month Periods Ended	
	March 31	
	2017	2016 (As Restated)
REVENUES FROM SALE OF ELECTRICITY	\$428,414	\$420,378
COSTS OF SALE OF ELECTRICITY (Note 16)	(244,853)	(233,570)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 16)	(42,588)	(42,560)
FINANCIAL INCOME (EXPENSE)		
Interest income	1,712	2,281
Interest expense and financing charges (Note 16)	(41,727)	(45,688)
	(40,015)	(43,407)
OTHER INCOME (EXPENSE)		
Foreign exchange gains (losses) – net	(3,860)	6,473
Proceeds from insurance claims	130	1,979
Mark-to-market gain on financial assets at FVPL (Notes 7 and 20)	132	517
Mark-to-market gain on derivatives – net (Note 20)	–	562
Others (Note 20)	(537)	(904)
	(4,135)	8,627
INCOME BEFORE INCOME TAX	96,823	109,468
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	25,087	22,674
Deferred	1,112	(2,174)
	26,199	20,500
NET INCOME	\$70,624	\$88,968
Attributable to:		
Equity holders of the Parent Company	\$41,298	\$58,591
Non-controlling interests	29,326	30,377
	\$70,624	\$88,968
Basic Earnings per Share for Net Income Attributable to the		
Equity Holders of the Parent Company (Note 17)	\$0.009	\$0.014

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

FIRST GEN CORPORATION AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME
(Amounts in U.S. Dollars and in Thousands)

	For the Three-Month Periods Ended	
		March 31
	2017	2016 (As Restated)
NET INCOME	\$70,624	\$88,968
OTHER COMPREHENSIVE INCOME (LOSS):		
<i>Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on foreign currency translation	(14,598)	49,691
Net gains (losses) on cash flow hedge - net of tax (Note 20)	125	(8,824)
Unrealized gain on AFS financial assets	86	99
	(14,387)	40,966
<i>Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:</i>		
Re-measurement of retirement and other post-employment benefits – net of tax	(55)	236
Total other comprehensive gain (loss) – net of tax	(14,442)	41,202
TOTAL COMPREHENSIVE INCOME	\$56,182	\$130,170
Total comprehensive income attributable to:		
Equity holders of the Parent Company	\$32,591	\$90,366
Non-controlling interests	23,591	39,804
	\$56,182	\$130,170

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

FIRST GEN CORPORATION AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE THREE-MONTH PERIODS ENDED MARCH 31, 2017 AND 2016

(Amounts in U.S. Dollars and in Thousands, Except per Share Amount)

	Equity Attributable to Equity Holders of the Parent Company (Note 15)												
	Capital Stock		Additional Paid-in Capital	Deposits For Future Stock Subscriptions	Cumulative Translation Adjustments	Accumulated Unrealized Gain on AFS Financial Assets	Equity Reserve	Retained Earnings	Cost of Stocks Held in Treasury		Subtotal	Non- controlling Interests	Total
	Redeemable Preferred Stock	Common Stock							Redeemable Preferred Stock	Common Stock			
BALANCES AT JANUARY 1, 2017	\$69,345	\$75,123	\$1,165,366	\$2,139	(\$135,488)	\$345	(\$378,744)	\$986,981	(\$97,829)	(\$24,289)	\$1,662,949	\$426,618	\$2,089,567
Total comprehensive income	–	–	–	–	(8,706)	34	–	41,298	–	–	32,626	23,611	56,237
Re-measurement of retirement and other post-employment benefits closed to retained earnings	–	–	–	–	–	–	–	(35)	–	–	(35)	(20)	(55)
Buyback of Series “F” & “G” preferred stocks	–	–	–	–	–	–	–	–	(5,124)	–	(5,124)	–	(5,124)
Dividends of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(26,063)	(26,063)
BALANCES AT MARCH 31, 2017	\$69,345	\$75,123	\$1,165,366	\$2,139	(\$144,194)	\$379	(\$378,744)	\$1,028,244	(\$102,953)	(\$24,289)	\$1,690,416	\$424,146	\$2,114,562
BALANCES AT JANUARY 1, 2016	\$69,345	\$75,123	\$1,165,366	\$–	(\$65,584)	\$296	(\$378,744)	\$841,503	(\$85,639)	(\$23,362)	\$1,598,304	\$407,179	\$2,005,483
Total comprehensive income	–	–	–	–	31,584	40	–	58,591	–	–	90,215	39,719	129,934
Common stocks acquired by subsidiaries	–	–	–	–	–	–	–	–	–	(927)	(927)	–	(927)
Re-measurement of retirement and other post-employment benefits closed to retained earnings	–	–	–	–	–	–	–	151	–	–	151	85	236
Effect of EDC Burgos Wind Power Corporation’s change in functional currency	–	–	–	–	1,277	–	–	–	–	–	1,277	1,916	3,193
Purchase of treasury stocks by EDC	–	–	–	–	–	–	–	–	–	–	–	(546)	(546)
Dividends of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	(27,225)	(27,225)
BALANCES AT MARCH 31, 2016	\$69,345	\$75,123	\$1,165,366	\$–	(\$32,723)	\$336	(\$378,744)	\$900,245	(\$85,639)	(\$24,289)	\$1,689,020	\$421,128	\$2,110,148

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

FIRST GEN CORPORATION AND SUBSIDIARIES**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS****(Amounts in U.S. Dollars and in Thousands)**

	For the Three-Month Periods Ended	
	March 31	
		2016
	2017	(As Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$96,823	\$109,468
Adjustments for:		
Depreciation and amortization (Note 16)	52,511	46,126
Interest expense and financing charges (Note 16)	41,727	45,688
Net unrealized foreign exchange losses (gains)	5,778	(8,555)
Mark-to-market gain on derivatives – net	–	(562)
Mark-to-market gain on financial assets at FVPL	(132)	(517)
Interest income	(1,712)	(2,281)
Provision for (reversal of) impairment of spare parts and supplies inventories	282	(75)
Loss on direct write-off of Input VAT claims	681	561
Income before working capital changes	195,958	189,853
Decrease (increase) in:		
Receivables	16,831	3,759
Inventories	42,285	(4,207)
Other current assets	(8,061)	(12,715)
Increase (decrease) in:		
Accounts payable and accrued expenses	(37,411)	(5,155)
Retirement and other post-employment benefits	1,302	2,951
Net cash generated from operations	210,904	174,486
Interest received	1,712	2,281
Income taxes paid	(5,506)	(6,093)
Net cash flows from operating activities	207,110	170,674
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property and equipment	779	37
Proceeds from redemption of AFS financial assets	–	2,770
Proceeds from redemption of financial assets at FVPL	14,933	6,357
Additions to:		
Property, plant and equipment	(22,236)	(47,789)
Exploration and evaluation assets	(124)	(253)
Other noncurrent assets	(9,484)	(5,157)
Financial assets at FVPL	(14,933)	(10,587)
Intangible assets (Note 10)	(189)	(60)
Net cash flows used in investing activities	(31,254)	(54,682)

(Forward)

**For the Three-Month Periods Ended
March 31**

	2017	2016 (As Restated)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Interest expense and financing charges	(\$25,497)	(\$24,348)
Long-term debt	(25,818)	(13,745)
Buyback of Series “F” & “G” preferred stocks	(5,124)	–
Cash dividends to preferred shareholders	(14,719)	(15,967)
Purchase of treasury stocks by EDC	–	(546)
Parent Company shares acquired by subsidiaries	–	(927)
Increase in other noncurrent liabilities	83	720
Proceeds from:		
Loans payable	15,230	–
Availment of long-term debt – net of debt issuance costs	–	3,304
Net cash flows used in financing activities	(55,845)	(51,509)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	(539)	79
NET INCREASE IN CASH AND CASH EQUIVALENTS	119,472	64,562
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	497,980	730,463
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	\$617,452	\$795,025

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

FIRST GEN CORPORATION AND SUBSIDIARIES
SELECTED NOTES TO UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
(Amounts in U.S. Dollars and in Thousands, Unless Otherwise Stated)

1. Corporate Information

First Gen Corporation (the Parent Company or First Gen) is incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC) on December 22, 1998. The Parent Company and its subsidiaries (collectively referred to as “First Gen Group”) are involved in the power generation business. All subsidiaries, except for certain subsidiaries of Energy Development Corporation (EDC), are incorporated in the Philippines. These certain subsidiaries of EDC are incorporated in British Virgin Islands (BVI), Hong Kong, Peru, Chile and Indonesia (see Note 2).

On February 10, 2006, the Parent Company successfully completed the Initial Public Offering (IPO) in the Philippines of 193,412,600 common stocks, including the exercised greenshoe option of 12,501,700 common stocks, at an IPO price of ₱47.00 per share. The common stocks of the Parent Company are currently listed and traded on the First Board of the Philippine Stock Exchange, Inc. (PSE). First Gen is considered a public company under Section 17.2 of the Securities Regulation Code (SRC).

On January 22, 2010, the Parent Company likewise completed the Stock Rights Offering (the Rights Offering) of 2,142,472,791 rights shares in the Philippines at the proportion of 1.756 rights shares for every one existing common stock held as of the record date of December 29, 2009 at the offer price of ₱7.00 per rights share. The total proceeds from the Rights Offering amounted to ₱15.0 billion (\$319.2 million).

On July 25, 2011, the Parent Company issued ₱10.0 billion Series “F” Preferred Shares at a dividend rate of 8.0%. The Parent Company approved and authorized the issuance by way of private placement or issuance to Qualified Buyers of One Hundred Million (100,000,000) of its Series “F” Preferred Shares with a par value of ₱10.0 a share and an issue price of ₱100.0 a share. The Series “F” Preferred Shares are currently listed and traded on the First Board of the PSE. Total proceeds of the issuance of the Series “F” Preferred Shares amounted to ₱10.0 billion (\$235.7 million). Transaction costs amounting to ₱53.0 million (\$1.2 million) was incurred and deducted against additional paid-in capital.

On May 28, 2012, the Parent Company completed the Public Offering of the 100,000,000 Series “G” Preferred Shares in the Philippines at an issue price of ₱100.00 per share. The Series “G” Preferred Shares are currently listed and traded on the First Board of the PSE. The total proceeds from the issuance of the Series “G” Preferred Shares amounted to ₱10.0 billion (\$234.4 million), net of transaction costs amounting to ₱95.2 million (\$2.2 million).

On January 20, 2015, the Parent Company authorized the issuance and sale of an aggregate of 297,029,800 common stocks to be taken from its unissued capital stock and treasury stock at an identical issue price of ₱25.25 per share (the “Offer Price”). The price represents a 2.9 % discount to the last traded price of ₱26.00 per share. The placement was conducted via an accelerated bookbuilding process. First Gen’s parent company, First Philippine Holdings Corporation (FPH), which has a 66.2% stake in First Gen’s issued and outstanding common stocks, agreed to subscribe to its pro-rata share in the transaction. The Parent Company issued to FPH 179,127,900 common stocks from treasury stock, as well as 17,623,100 common stocks from unissued capital stock, at the Offer Price. The total proceeds from the issuance of the common stocks amounted to

₱7.4 billion (\$166.5 million), net of transaction costs amounting to ₱62.1 million (\$1.4 million). Following the subscription, FPH maintained its 66.2% stake in the Parent Company's issued and outstanding common stocks.

On May 11, 2016, the Board of Directors (BOD) of the Parent Company approved during its Organizational board meeting the two-year extension of the buy-back programs from June 1, 2016 to May 31, 2018. The two-year extension covers the: (i) common stock buy-back program covering up to 300.0 million of the Parent Company's common stocks; and (ii) Series "F" and "G" Preferred Shares buyback program covering up to ₱10.0 billion worth of said redeemable preferred stocks. In 2016, the Parent Company purchased from the open market 10,010 and 5,026,280 Series "F" and Series "G" redeemable preferred stocks, respectively. Total payments for the buyback of the Series "F" and Series "G" redeemable preferred stocks amounted to ₱1.1 million (\$0.02 million) and ₱598.8 million (\$12.2 million).

As of March 31, 2017, FPH directly and indirectly owns 66.24% of the common stocks of First Gen and 100% of First Gen's voting preferred stocks. FPH is 46.47%-owned by Lopez Holdings Corporation (Lopez Holdings), a publicly-listed Philippine-based entity, as at March 31, 2017. Majority of Lopez Holdings is owned by Lopez, Inc. Lopez, Inc. is the ultimate parent of First Gen. FPH, Lopez Holdings and Lopez, Inc. are all incorporated in the Philippines. As of March 31, 2017, there are 357 common stockholders of record of First Gen, and 3,660,943,557 common stocks issued and outstanding as of March 31, 2017 (see Note 15).

Corporate Address

In February 2016, the Parent Company changed its principal office address from 3rd Floor, Benpres Building, Exchange Road corner Meralco Avenue, Pasig City to 6th Floor, Rockwell Business Center Tower 3, Ortigas Avenue, Pasig City.

2. Summary of Significant Accounting Policies

Basis of Preparation

The unaudited interim condensed consolidated financial statements of First Gen Group as of March 31, 2017, and for the three-month periods ended March 31, 2017 and 2016 have been prepared on a historical cost basis, except for derivative financial instruments, financial assets at FVPL and AFS financial assets that have been measured at fair value. The unaudited interim condensed consolidated financial statements are presented in United States (U.S.) dollar, which is the Parent Company's functional currency, and are rounded to the nearest thousands, except when otherwise indicated.

Statement of Compliance

The unaudited interim condensed consolidated financial statements of First Gen Group have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs) Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*. Accordingly, the unaudited interim condensed consolidated financial statements do not include all of the information and footnotes required in the annual consolidated financial statements, and should be read in conjunction with First Gen Group's annual consolidated financial statements as at and for the year ended December 31, 2016.

Significant Accounting and Financial Reporting Policies

The accounting policies adopted in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of the annual consolidated financial statements as of and for the year ended December 31, 2016, except for the adoption of the following amended accounting standards that became effective beginning January 1, 2017.

The nature and the effect of these changes are disclosed below. Although these amendments apply for the first time in 2017, they do not have a material impact on the unaudited interim condensed consolidated financial statements of the Company. The nature and the impact of each amendment are described below:

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*

The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. First Gen Group is not required to provide additional disclosures in its unaudited interim condensed consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended December 31, 2017.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

First Gen Group applied the amendments retrospectively. However, the application has no effect on First Gen Group's financial position and performance as it has no deductible temporary differences or assets that are in the scope of the amendments.

Annual Improvements Cycle - 2014-2016

- Amendments to PFRS 12, *Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in PFRS 12*

The amendments clarify that the disclosure requirements in PFRS 12, other than those in paragraphs B10-B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

First Gen Group has adopted the amendments retrospectively but will not have any impact given that the Company has no interest in a subsidiary, joint venture, or an associate that is classified as held for sale.

Basis of Consolidation

The unaudited interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries.

Control is achieved when First Gen Group 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, First Gen Group controls an investee if and only if First Gen Group 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.

When First Gen Group has less than a majority of the voting or similar rights of an investee, First Gen Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- First Gen Group's voting rights and potential voting rights

First Gen Group re-assesses 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 First Gen Group obtains control over the subsidiary and ceases when First Gen Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the period are included in the unaudited interim condensed consolidated financial statements from the date First Gen Group gains control until the First Gen Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Parent Company and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with First Gen Group's accounting policies. All significant intra-group assets and liabilities, equity, income and expenses, and cash flows relating to transactions between members of First Gen Group 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 First Gen Group loses control over a subsidiary, it derecognizes the carrying amounts of the assets (including goodwill) and liabilities of the subsidiary, derecognizes the carrying amount of any non-controlling interest (including any attributable components of other comprehensive income recorded in equity), derecognizes the cumulative translation differences recorded in equity, recognizes the fair value of the consideration received, recognizes the fair value of any investment retained, and any surplus or deficit is recognized in the unaudited interim consolidated statement of comprehensive income. First Gen Group also reclassifies the Parent Company's share of components previously recognized in other comprehensive income to profit or loss or retained earnings, as appropriate, as would be required if First Gen Group had directly disposed of the related assets or liabilities.

Non-controlling Interests

Non-controlling interests represent the portion of profit or loss and net assets not held by First Gen Group. Non-controlling interests are presented separately in the unaudited interim consolidated statement of income, unaudited interim consolidated statement of comprehensive income, and within equity in the unaudited interim consolidated statement of financial position, separate from equity attributable to equity holders of First Gen.

The acquisition of an additional ownership interest in a subsidiary without a change of control is accounted for as an equity transaction in accordance with PAS 27. In transactions where the non-controlling interest is acquired or sold without loss of control, any excess or deficit of consideration paid over the carrying amount of the non-controlling interest is recognized as part of “Equity reserve” account in the equity attributable to the equity holders of the Parent Company.

For the three-month periods ended March 31, 2017 and 2016, the non-controlling interests arise from the profits or losses and net assets not held by First Gen Group in EDC and Subsidiaries.

Subsidiaries

The following is a list of the companies on which the Parent Company has control as of March 31, 2017 and December 31, 2016:

	Percentage of Voting Interest	
	March 31, 2017	December 31, 2016
First Gen Renewables, Inc. (FGRI)	100	100
Unified Holdings Corporation (Unified)	100	100
AlliedGen Power Corp. (AlliedGen)	100	100
First Gen Luzon Power Corp. (FG Luzon)	100	100
First Gen Visayas Hydro Power Corporation (FG Visayas)	100	100
First Gen Mindanao Hydro Power Corporation (FG Mindanao)	100	100
First Gen Ecopower Solutions, Inc. (FG Ecopower) ¹	100	100
First Gen Energy Solutions Inc. (FGES)	100	100
First Gen Premier Energy Corp. (FG Premier)	100	100
First Gen Prime Energy Corporation (FG Prime)	100	100
First Gen Visayas Energy, Inc. (FG Visayas Energy)	100	100
FG Bukidnon Power Corporation (FG Bukidnon) ²	100	100
Northern Terracotta	100	100
Blue Vulcan Holdings Corporation (Blue Vulcan)	100	100
Prime Meridian Powergen Corporation (Prime Meridian) ³	100	100
Goldsilk Holdings Corporation ⁷	100	100
Dualcore Holdings Inc. ⁷	100	100
Onecore Holdings Inc. ⁷	100	100
FG Mindanao Renewables Corp. (FMRC) ⁸	100	100
FGen Northern Mindanao Holdings, Inc. (FNMHI) ⁸	100	100
FGen Tagoloan Hydro Corporation (FG Tagoloan) ⁹	100	100
FGen Tumalaong Hydro Corporation (FG Tumalaong) ⁹	100	100
FGen Puyo Hydro Corporation (FG Puyo) ¹⁰	100	100
FGen Bubunawan Hydro Corporation (FG Bubunawan) ¹⁰	100	100
FGen Cabadbaran Hydro Corporation (FG Cabadbaran) ¹⁰	100	100
First Gas Holdings Corporation (FGHC)	100	100
FGP ⁴	100	100
First NatGas Power Corp. (FNPC) ⁵	100	100
First Gas Power Corporation (FGPC) ⁶	100	100
First Gas Pipeline Corporation (FG Pipeline) ⁶	100	100
FGLand Corporation (FG Land) ⁶	100	100
FGEN LNG Corporation (FGEN LNG) ¹¹	100	100
First Gen LNG Holdings Corporation (LNG Holdings)	100	100

(Forward)

	Percentage of Voting Interest	
	March 31, 2017	December 31, 2016
First Gen Meridian Holdings, Inc. (FGEN Meridian)	100	100
FGen Power Ventures, Inc. (FGEN Power Ventures)	100	100
FGen Casecnan Hydro Power Corp. (FGEN Casecnan)	100	100
FGen Power Holdings, Inc. (Power Holdings)	100	100
FGen Prime Holdings, Inc. (Prime Holdings)	100	100
FGen Eco Solutions Holdings, Inc. (FGESHI)	100	100
FGen Liquefied Natural Gas Holdings, Inc. (Liquefied Holdings)	100	100
FGen Reliable Energy Holdings, Inc. (FG Reliable Energy)	100	100
FGen Power Solutions, Inc. (FG Power Solutions)	100	100
FGen Vibrant Blue Sky Holdings, Inc. (FGVBShI)	100	100
FGen Aqua Power Holdings, Inc. (FG Aqua Power)	100	100
FGen Natural Gas Supply, Inc. (FGen NatGas Supply) ¹³	100	100
FGen Power Operations, Inc. (FPOI)	100	100
FGen Fuel Line Systems, Inc. (FGen Fuel Line)	100	100
Prime Terracota ¹⁴	100	100
First Gen Hydro Power Corporation (FG Hydro) ¹²	40	40

¹Through FGESHI

²Through FGRI

³Through FGEN Meridian

⁴60% through Unified and 40% through Onecore

⁵Through AlliedGen

⁶Through FGHC

⁷Through Blue Vulcan

⁸Through FG Mindanao

⁹Through FMRC

¹⁰Through FNMHI

¹¹Through LNG Holdings

¹²The Parent Company has 40% direct voting interest in FG Hydro while its effective economic interest is 70.0% through Prime Terracota.

¹³Through Liquefied Holdings

¹⁴On June 18, 2015, the Parent Company purchased 16.0 million and 13.0 million Series “B” voting preferred stocks of Prime Terracota owned by QRC and LIRF, respectively. As of December 31, 2016, the Parent Company has a 100% direct voting interest in Prime Terracota and a 67% voting interest in EDC through Prime Terracota.

All of the foregoing subsidiaries are incorporated in the Philippines.

As of March 31, 2017, FG Luzon, FG Visayas, FG Mindanao, FG Ecopower, FG Premier, FG Prime, FG Visayas Energy, Northern Terracotta, FMRC, FNMHI, FG Tagoloan, FG Tumalaong, FG Puyo, FG Bubunawan, FG Cabadbaran, FG Pipeline, FG Land, FGEN LNG, LNG Holdings, FGEN Northern Power, FGEN Power Ventures, FGEN Casecnan, Power Holdings, Prime Holdings, FGESHI, Liquefied Holdings, FG Reliable Energy, FG Power Solutions, FGVBShI, FG Aqua Power, FGen NatGas Supply, FPOI, and FGen Fuel Line have not started commercial operations.

As of March 31, 2017 and December 31, 2016, Prime Terracota’s subsidiaries include the following companies:

	Percentage of Voting Interest	
	March 31, 2017	December 31, 2016
Red Vulcan Holdings Corporation (Red Vulcan)	100	100
EDC ¹	60	60
First Gen Hydro Power Corporation (FG Hydro)	60	60
EDC Drillco Corporation (EDC Drillco)	60	60
EDC Geothermal Corp. (EGC) ⁴	60	60
Green Core Geothermal Inc. (GCGI)	60	60
Bac-Man Geothermal Inc. (BGI)	60	60
Unified Leyte Geothermal Energy Inc. (ULGEI)	60	60
Southern Negros Geothermal, Inc. (SNGI) ³	60	60
EDC Mindanao Geothermal, Inc. (EMGI) ^{3,5}	60	60
Bac-Man Energy Development Corporation (BEDC) ³	60	60
Kayabon Geothermal, Inc. (KGI) ^{3,5}	60	60
Mount Apo Renewable Inc. (MAREI) ^{3,5}	60	60
EDC Wind Energy Holdings, Inc. (EWEHI) ⁴	60	60
EDC Burgos Wind Power Corporation (EBWPC)	60	60

	Percentage of Voting Interest	
	March 31, 2017	December 31, 2016
EDC Pagudpud Wind Power Corporation (EPWPC) ³	60	60
EDC Bayog Burgos Wind Power Corporation (EBBWPC) ³	60	60
EDC Pagali Burgos Wind Power Corporation (EPBWPC) ³	60	60
Matnog 1 Renewable Energy Corporation (M1REC) ²	60	–
Matnog 2 Renewable Energy Corporation (M2REC) ²	60	–
Matnog 3 Renewable Energy Corporation (M3REC) ²	60	–
Iloilo 1 Renewable Energy Corporation (I1REC) ²	60	–
Negros 1 Renewable Energy Corporation (N1REC) ²	60	–
EDC Bright Solar Energy Holdings, Inc. (EBSEHI) ⁴	60	60
EDC Bago Solar Power Corporation (EBSPC) ³	60	60
EDC Burgos Solar Corporation (EBSC) ³	60	60
EMGI ^{3,5}	60	–
KGI ^{3,5}	60	–
MAREI ^{3,5}	60	–
EDC Chile Limitada ³	60	60
EDC Holdings International Limited (EHIL) ⁴	60	60
Energy Development Corporation Hong Kong International Investment Limited (EDC HKIIL) ²	60	–
Energy Development Corporation Hong Kong Limited (EDC HKL) ⁴	60	60
EDC Chile Holdings SPA ³	60	60
EDC Geotermica Chile ³	60	60
EDC Peru Holdings S.A.C. ³	60	60
EDC Geotermica Peru S.A.C. ³	60	60
Energy Development Corporation Peru S.A.C. ³	60	60
EDC Geotermica Del Sur S.A.C. ³	60	60
EDC Energia Azul S.A.C. ³	60	60
Geotermica Crucero Peru S.A.C. ³	42	42
EDC Energia Perú S.A.C. ³	60	60
Geotermica Tutupaca Norte Peru S.A.C. ³	42	42
EDC Energia Geotermica S.A.C. ³	60	60
EDC Progreso Geotermica Perú S.A.C. ³	60	60
Geotermica Loriscota Peru S.A.C. ³	42	42
EDC Energia Renovables Perú S.A.C. ³	60	60
EDC Soluciones Sostenibles Ltd	60	60
EDC Energia Verde Chile SpA	60	60
EDC Energia de la Tierra SpA	60	60
EDC Desarrollo Sostenible Ltd.	60	60
EDC Energia Verde Peru SAC	60	60
PT EDC Indonesia ³	57	57
PT EDC Panas Bumi Indonesia ³	57	57

¹The Parent Company's economic interest in EDC is 50.55% as of March 31, 2017 and December 31, 2016.

²Incorporated in 2016 and has not yet started commercial operations as of March 31, 2017.

³Incorporated in prior years and has not yet started commercial operations as of March 31, 2017.

⁴Serves as an investment holding company.

⁵Became wholly owned subsidiaries of EBSEHI starting December 2016.

EDC Drillco is a company incorporated on September 28, 2009 to act as an independent service contractor, consultant, and specialized technical adviser for well construction and drilling, and other related activities. As of March 31, 2017, EDC Drillco is already in the process of dissolution.

EGC was incorporated on April 9, 2008 to participate in the bid for another local power plant. The bid was won by and awarded to another local entity. Thereafter, EGC became an investment holding company of EDC's wholly owned subsidiaries, namely GCGI, BGI, ULGEI, SNGI, BEDC, EMGI, KGI, and MAREI. EGC also has a 0.01% stake in EDC Chile Limitada.

In December 2016, EGC sold all of its stocks in EMGI, KGI and MAREI to EBSEHI. This sale transaction has no impact to the consolidated financial statements, and these companies became wholly owned subsidiaries of EBSEHI.

As of March 31, 2017, EDC HKIIL and all subsidiaries of EDC HKL remained non-operating.

Investments in Associates

An associate is an entity over which First Gen Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not in control or in joint control of those policies.

The following is a list of the companies on which the Parent Company has significant influence:

	Percentage of Voting Interest	
	March 31, 2017	December 31, 2016
First Gen Northern Energy Corp. (FGNEC) ¹	33	33
Buang Private Power Corporation (BPPC) ²	37	37
FGEN Northern Power ³	40	40

¹The equity transaction between Metro Pacific Investments Corporation, Ayala Corporation and the Parent Company in March 2010 has led to the deconsolidation of FGNEC since the Parent Company's interest in FGNEC has been reduced to 33% from 100%. On December 23, 2015, the Philippine SEC approved the amendment to the Articles of Incorporation which consists of an amendment to the Fourth Article of the Articles of Incorporation shortening the term of FGNEC's existence from "fifty (50) years from and after the date of issuance of the certificate of incorporation the company's incorporation" to "until December 31, 2016."

²First Private Power Corporation (FPPC) has 93.25% voting and economic interest in BPPC. By virtue of the merger, FPPC transferred its assets and liabilities at their carrying values to BPPC on December 15, 2010.

³On July 7, 2015, Conal Holdings Corp. (Conal) subscribed to 37,500 common stocks of FGEN Northern Power at par value of ₱1.00 per share. As result of the subscription, Conal now owns 60% economic and voting interest in FGEN Northern Power while the Parent Company's interest was reduced from 100% to 40%. As a result, the Parent Company lost control of FGen Northern Power but retained significant influence.

As of March 31, 2017 and December 31, 2016, the investments in FGNEC, BPPC and FGEN Northern Power amounted to nil.

3. Operating Segment Information

Operating segments are components of First Gen Group that are engaged in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by First Gen Group's Chief Operating Decision Maker (CODM) to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available. For purposes of management reporting, First Gen Group's operating businesses are organized and managed separately on a per company basis, with each company representing a strategic business segment. First Gen's identified operating segments, which are consistent with the segments reported to the BOD, which is the CODM of First Gen, are as follows:

- FGPC, which operates the 1,000 megawatt (MW) combined cycle, natural gas-fired Santa Rita power plant, and where the Parent Company now has a 100% equity interest;
- FGP, which operates the 500 MW combined cycle, natural gas-fired San Lorenzo power plant, and where the Parent Company now has a 100% equity interest;
- EDC and Subsidiaries, which holds service contracts with the DOE corresponding to 15 geothermal contract areas each granting EDC exclusive rights to explore, develop, and utilize the corresponding resources in the relevant contract area. EDC conducts commercial operations in four (4) out of its 15 geothermal contract areas. Likewise, EDC owns the 150 MW Burgos Wind Power Plant (Burgos Wind) and the 6.82 MW Burgos Solar Power Plant Phase 1 and Phase 2 (Burgos Solar) both situated in Burgos, Ilocos Norte. As of March 31, 2017, Burgos Wind and Burgos Solar power plants are entitled to the FIT rates. As of March 31, 2017, the Parent Company now has a 100.0% direct voting interest in Prime Terracota, and has a 50.55% effective economic interest in EDC;

- FG Hydro, which operates the 132 MW Pantabangan and Masiway Hydro Electric Power Plants (PAHEP/MAHEP), and where the Parent Company has a 40% direct economic interest and 70.0% effective economic interest as of March 31, 2017.
- FNPC, which owns and operates the 420 MW natural gas-fired San Gabriel power plant, and where the Parent Company has a 100% equity interest. The San Gabriel power plant went into commercial operations in November 2016; and,
- Prime Meridian, which owns and operates the 97 MW Avion open-cycle natural gas-fired power plant (Avion Plant), and where the Parent Company has a 100% equity interest. The Avion plant has been in commercial operations since September 2016.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with PFRS. The classification of segment revenue is consistent with the unaudited interim consolidated statements of income. Segment expenses pertain to the costs and expenses presented in the unaudited interim consolidated statements of income excluding interest expense and financing charges, depreciation and amortization expense and income taxes which are managed on a per company basis.

First Gen has only one geographical segment as all of its operating assets are currently located in the Philippines. First Gen Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

Revenue is recognized to the extent that it is probable that economic benefit will flow to First Gen Group and that the revenue can be reliably measured. Substantially all of the segment revenues of FGP and FGPC are derived from Meralco, the sole customer of FGP and FGPC; while close to 37.3% of EDC's total revenues are derived from existing long-term Power Purchase Agreements (PPA) with National Power Corporation (NPC).

Financial information on the business segments are summarized as follows:

For the Three-Month Periods Ended March 31, 2017 (Unaudited)									
	FGPC	FGP	FNPC	Prime Meridian	EDC & Subsidiaries*	FG Hydro	Others	Eliminating Entries**	Total
Segment revenue	\$143,429	\$82,006	\$4,227	\$3,240	\$176,519	\$16,320	\$9,855	(\$7,182)	\$428,414
Segment expenses	(97,484)	(58,722)	(6,897)	(3,202)	(61,419)	(2,838)	(13,533)	9,165	(234,930)
Segment results	45,945	23,284	(2,670)	38	115,100	13,482	(3,678)	1,983	193,484
Interest income	988	986	19	9	1,110	32	387	(1,819)	1,712
Interest expense and financing charges	(5,565)	(3,327)	(2,738)	–	(20,593)	(281)	(11,042)	1,819	(41,727)
Depreciation and amortization	(9,441)	(5,547)	(5,066)	(1,070)	(29,022)	(2,242)	(123)	–	(52,511)
Other income (charges)	159	(215)	(358)	113	(3,655)	324	1,480	(1,983)	(4,135)
Income (loss) before income tax	32,086	15,181	(10,813)	(910)	62,940	11,315	(12,976)	–	96,823
Provision for income tax	(10,143)	(4,446)	(544)	–	(8,332)	(2,712)	(22)	–	(26,199)
Net income (loss)	\$21,943	\$10,735	(\$11,357)	(\$910)	\$54,608	\$8,603	(\$12,998)	\$–	\$70,624

*Pertains to EDC and subsidiaries' unaudited consolidated statement of income, including the effect of the purchase price allocation but excluding FG Hydro.

**Pertains to intercompany transactions that were eliminated upon consolidation.

For the Three Month Periods Ended March 31, 2016 (As Restated)

	FGPC	FGP	FNPC	Prime Meridian	EDC & Subsidiaries*	FG Hydro	Others	Eliminating Entries**	Total
Segment revenue	\$147,875	\$80,750	\$–	\$–	\$170,318	\$21,321	\$1,952	(\$1,838)	\$420,378
Segment expenses	(101,923)	(57,136)	(321)	(284)	(65,519)	(2,847)	(5,838)	3,864	(230,004)
Segment results	45,952	23,614	(321)	(284)	104,799	18,474	(3,886)	2,026	190,374
Interest income	2,324	1,225	2	2	1,458	39	654	(3,423)	2,281
Interest expense and financing charges	(7,059)	(3,275)	(1)	–	(24,597)	(688)	(13,491)	3,423	(45,688)
Depreciation and amortization	(9,704)	(5,372)	(13)	(49)	(28,374)	(2,269)	(345)	–	(46,126)
Other income (charges)	(568)	218	(101)	219	7,551	13	3,321	(2,026)	8,627
Income (loss) before income tax	30,945	16,410	(434)	(112)	60,837	15,569	(13,747)	–	109,468
Provision for income tax	(6,006)	(4,092)	–	–	(6,530)	(2,898)	(974)	–	(20,500)
Net income (loss)	\$24,939	\$12,318	(\$434)	(\$112)	\$54,307	\$12,671	(\$14,721)	\$–	\$88,968

*Pertains to EDC and subsidiaries' unaudited consolidated statement of income, including the effect of the purchase price allocation but excluding FG Hydro.

**Pertains to intercompany transactions that were eliminated upon consolidation.

Other financial information of the business segments are as follows:

March 31, 2017 (Unaudited)

	FGPC	FGP	FNPC	Prime Meridian	EDC & Subsidiaries*	FG Hydro	Others	Eliminating Entries**	Total
Current assets	\$378,658	\$337,190	\$49,462	\$28,033	\$534,187	\$30,103	\$156,172	(\$320,347)	\$1,193,458
Noncurrent assets	380,851	278,504	398,449	102,491	2,130,275	101,923	5,489,160	(4,752,365)	4,129,288
Total assets	\$759,509	\$615,694	\$447,911	\$130,524	\$2,664,462	\$132,026	\$5,645,332	(\$5,072,712)	\$5,322,746
Current liabilities	\$254,589	\$181,205	\$19,552	\$2,986	\$453,141	\$12,373	\$61,281	(\$179,555)	\$805,572
Noncurrent liabilities	211,187	294,746	178,846	39	1,194,599	43,531	692,485	(212,821)	2,402,612
Total liabilities	\$465,776	\$475,951	\$198,398	\$3,025	\$1,647,740	\$55,904	\$753,766	(\$392,376)	\$3,208,184

*Pertains to EDC and subsidiaries' unaudited consolidated statement of financial position, including the effect of the purchase price allocation but excluding FG Hydro.

**Pertains to intercompany assets and liabilities that were eliminated upon consolidation.

December 31, 2016 (Audited)

	FGPC	FGP	FNPC	Prime Meridian	EDC & Subsidiaries*	FG Hydro	Others	Eliminating Entries**	Total
Current assets	\$330,031	\$293,136	\$71,365	\$29,651	\$490,465	\$16,965	\$142,493	(\$261,295)	\$1,112,811
Noncurrent assets	385,411	282,288	401,191	103,265	2,154,460	104,986	5,504,235	(4,759,344)	4,176,492
Total assets	\$715,442	\$575,424	\$472,556	\$132,916	\$2,644,925	\$121,951	\$5,646,728	(\$5,020,639)	\$5,289,303
Current liabilities	\$231,657	\$151,446	\$24,516	\$3,345	\$342,437	\$9,897	\$69,096	(\$138,078)	\$694,316
Noncurrent liabilities	212,363	294,618	187,179	33	1,280,462	41,245	701,050	(211,530)	2,505,420
Total liabilities	\$444,020	\$446,064	\$211,695	\$3,378	\$1,622,899	\$51,142	\$770,146	(\$349,608)	\$3,199,736

*Pertains to EDC and subsidiaries' consolidated statement of financial position, including the effect of the purchase price allocation but excluding FG Hydro.

**Pertains to intercompany assets and liabilities that were eliminated upon consolidation.

4. Cash and cash equivalents

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Cash on hand and in banks	\$161,374	\$126,289
Short-term deposits	456,078	371,691
	\$617,452	\$497,980

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of First Gen Group, and earn interest at the respective short-term deposits rates.

5. Receivables

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Trade	\$318,782	\$338,825
Due from related parties (Note 18)	1,673	1,592
Loans and notes receivables	1,403	1,541
Others	6,158	4,831
	328,106	346,789
Less: Allowance for impairment losses	(2,471)	(2,307)
	\$325,545	\$344,482

Aging of trade receivables:

Current	\$225,054
More than 1 day to 30 days past due	9,709
More than 30 days to one year past due	31,661
More than one year past due	52,358
	\$318,782

Trade receivables are non-interest bearing and are generally on 30-day credit term (in the case of FGPC and FGP), while the trade receivables of EDC are generally collectible on 30 to 60 days. Other receivables comprise mainly of receivables from employees, contractors and suppliers, which are collectible upon demand.

6. Inventories

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
At cost:		
Fuel inventories	\$23,585	\$52,464
Spare parts and supplies	56,788	55,126
	80,373	107,590
At NRV – spare parts and supplies	12,005	10,652
	\$92,378	\$118,242

For FGP and FGPC, the combined amounts of fuel inventories recognized as expense were \$45.5 million and \$0.01 million for the three-month periods ended March 31, 2017 and 2016, respectively. These fuel expenses are recognized as part of the “Costs of sale of electricity” account in the unaudited interim consolidated statements of income.

7. Financial assets at FVPL

In 2014, EDC entered into an Investment Management Agreement (IMA) with Security Bank as investment manager, whereby EDC availed of its services relative to the management and investment of funds amounting to \$11.3 million (₱500.0 million). EDC invested an additional \$11.0 million (₱500.0 million) in 2015.

In 2017 and 2016, the Parent Company also entered into an IMA with BDO as investment manager, amounting to \$14.9 million and \$10.6 million, respectively.

Among others, following are the significant provisions of the IMA of EDC and the Parent Company:

- The investment managers shall administer and manage the fund as allowed and subject to the requirements of the Bangko Sentral ng Pilipinas (BSP), and in accordance with the written investment policy and guidelines mutually agreed upon and signed by the respective investment managers of EDC and the Parent Company.
- The agreement is considered as an agency and not a trust agreement. EDC and the Parent Company, therefore, shall at all times retain legal title to the fund.
- The IMA does not guaranty a yield, return, or income on the investments or reinvestments made by the investment manager. Any loss or depreciation in the value of the assets of the fund shall be for the account of EDC and the Parent Company.

First Gen Group accounts for the entire investment as a financial asset to be carried at FVPL. Mark-to-market gains on the securities amounting to \$0.1 million and \$0.5 million for the three-month periods ended March 31, 2017 and 2016, respectively, are taken up in the unaudited interim consolidated statements of income.

As of March 31, 2017 and December 31, 2016, the movements of the financial assets at FVPL account are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Balance at beginning of period	\$22,534	\$30,108
Additions for the period	14,933	27,777
Mark-to-market gains on financial assets at FVPL	132	72
Redemptions for the period	(14,933)	(34,357)
Foreign exchange adjustments	(198)	(1,244)
Trustee fees	(1)	(10)
Realized income for the period	–	188
Balance at end of period	\$22,467	\$22,534

8. Other Current Assets

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Input value-added tax (VAT)	\$58,793	\$62,119
Prepaid expenses	32,636	23,439
Debt service reserve account (DSRA) [Note 13]	23,730	20,665
Derivative assets (see Note 20)	9,512	9,461
Prepaid taxes	6,994	6,765
Short-term investments	2,500	5,873
Advances to contractors	743	525
Others	708	726
	\$135,616	\$129,573

Prepaid expenses consist mainly of prepaid insurance and creditable withholding tax certificates.

Prepaid taxes consist mainly of tax credits that may be used in the future by the operating subsidiaries of First Gen Group.

DSRA pertains to the restricted peso and dollar-denominated interest bearing accounts opened and established by EBWPC, BGI and GCGI in accordance with the loan agreements that will serve as a cash reserve or deposit to service the principal and/or interest payments due on the loans (see Note 13).

Short-term investments consist of money market securities with maturity of more than three (3) months but less than twelve (12) months.

9. Property , Plant and Equipment

Movements in the account are as follows:

	March 31, 2017 (Unaudited)								
	Land	Power Plants, Buildings, Improvements and Other Structures	Exploration, Machinery and Equipment	Fluid Collection and Recycling System (FCRS) and Production Wells	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Total
Cost									
Balances at December 31, 2016	\$57,270	\$1,837,369	\$1,284,545	\$719,066	\$36,886	\$7,754	\$3,658	\$277,468	\$4,224,016
Additions	20	114	678	496	1,020	118	3	20,286	22,735
Retirements/write-off	–	(5)	(196)	–	(1,480)	(320)	–	–	(2,001)
Reclassifications/adjustments	–	3,274	6,965	54,389	(207)	(20)	–	(66,943)	(2,542)
Foreign exchange adjustments	(338)	(8,756)	(1,530)	(6,651)	(248)	(37)	(4)	(2,092)	(19,656)
Balances at March 31, 2017	56,952	1,831,996	1,290,462	767,300	35,971	7,495	3,657	228,719	4,222,552
Accumulated Depreciation, Amortization and Impairment									
Balances at December 31, 2016	354	566,871	692,810	186,119	24,522	5,087	1,484	377	1,477,624
Depreciation and amortization (Note 16)	–	22,413	18,579	6,138	1,036	245	117	–	48,528
Retirements/write-off	–	(4)	(189)	–	(850)	(229)	–	–	(1,272)
Reclassifications/adjustments	–	2	114	–	24	(23)	–	–	117
Foreign exchange adjustments	(3)	(2,601)	(526)	(1,671)	(153)	(17)	(1)	(3)	(4,975)
Balances at March 31, 2017	351	586,681	710,788	190,586	24,579	5,063	1,600	374	1,520,022
Net Book Values	\$56,601	\$1,245,315	\$579,674	\$576,714	\$11,392	\$2,432	\$2,057	\$228,345	\$2,702,530
	As of December 31, 2016 (Audited)								
	Land	Power Plants, Buildings, Improvements and Other Structures	Exploration, Machinery and Equipment	FCRS and Production Wells	Furniture, Fixtures and Equipment	Transportation Equipment	Leasehold Improvements	Construction in Progress	Total
Costs:									
Balances at December 31, 2015	\$57,406	\$1,772,510	\$868,648	\$667,680	\$36,566	\$7,680	\$1,790	\$627,055	\$4,039,335
Additions	2,002	1,275	6,698	–	1,615	994	819	276,163	289,566
Retirements/write-off	–	(298)	(220)	–	(1,489)	(780)	–	–	(2,787)
Reclassifications/adjustments	–	119,208	418,881	91,587	1,806	35	1,073	(616,547)	16,043
Foreign exchange adjustments	(2,138)	(55,326)	(9,462)	(40,201)	(1,612)	(175)	(24)	(9,203)	(118,141)
Balances at December 31, 2016	57,270	1,837,369	1,284,545	719,066	36,886	7,754	3,658	277,468	4,224,016
Accumulated Depreciation, Amortization and Impairment Losses:									
Balances at December 31, 2015	374	487,547	642,797	172,503	21,766	4,654	1,023	496	1,331,160
Depreciation and amortization	–	98,266	53,345	24,014	4,363	1,060	466	–	181,514
Retirements/write-off	–	(158)	(147)	–	(634)	(544)	–	–	(1,483)
Reclassifications/adjustments	–	96	39	6	16	27	–	(97)	87
Foreign exchange adjustments	(20)	(18,880)	(3,224)	(10,404)	(989)	(110)	(5)	(22)	(33,654)
Balances at December 31, 2016	354	566,871	692,810	186,119	24,522	5,087	1,484	377	1,477,624
Net Book Values	\$56,916	\$1,270,498	\$591,735	\$532,947	\$12,364	\$2,667	\$2,174	\$277,091	\$2,746,392

Property, plant and equipment with net book values of \$639.2 million and \$654.9 million as of March 31, 2017 and December 31, 2016, respectively, have been pledged as security for long-term debt (see Note 13).

Depreciation and Amortization

Details of depreciation and amortization charges recognized in the unaudited interim consolidated statements of income are shown below:

	For the Three-Month Periods Ended	
		March 31
	2017	2016
Property, plant and equipment	\$48,528	\$41,905
Intangible assets	3,983	4,221
	\$52,511	\$46,126

	For the Three-Month Periods Ended	
		March 31
	2017	2016
Costs of sale of electricity (see Note 16)	\$50,265	\$44,107
General and administrative (see Note 16)	2,246	2,019
	\$52,511	\$46,126

10. Goodwill and Intangible Assets

	March 31, 2017 (Unaudited)						
	Goodwill	Concession Rights for Contracts Acquired	Water Rights	Pipeline Rights	Rights to Use Transmission Line	Other Intangible Assets	Total
Cost							
Balances at December 31, 2016	\$972,057	\$167,674	\$48,366	\$13,253	\$1,152	\$4,186	\$1,206,688
Additions	–	–	–	–	–	189	189
Foreign exchange adjustments	(8,425)	(1,471)	(424)	–	–	(38)	(10,358)
Balances at March 31, 2017	963,632	166,203	47,942	13,253	1,152	4,337	1,196,519
Accumulated Amortization:							
Balances at December 31, 2016	–	119,435	19,589	8,582	120	3,375	151,101
Amortization (see Note 9)	–	2,941	482	151	30	379	3,983
Foreign exchange adjustments	–	(1,066)	(175)	–	–	(32)	(1,273)
Balances at March 31, 2017	–	121,310	19,896	8,733	150	3,722	153,811
Net Book Values	\$963,632	\$44,893	\$28,046	\$4,520	\$1,002	\$615	\$1,042,708

	December 31, 2016 (Audited)						
	Goodwill	Concession Rights for Contracts Acquired	Water Rights	Pipeline Rights	Rights to Use Transmission Line	Other Intangible Assets	Total
Costs:							
Balances at December 31, 2015	\$1,026,264	\$177,151	\$51,100	\$13,253	\$1,152	\$4,328	\$1,273,248
Additions	–	–	–	–	–	93	93
Foreign exchange adjustments	(54,207)	(9,477)	(2,734)	–	–	(235)	(66,653)
Balances at December 31, 2016	972,057	167,674	48,366	13,253	1,152	4,186	1,206,688
Accumulated Amortization:							
Balances at December 31, 2015	–	113,724	18,652	7,980	–	1,972	142,328
Amortization	–	12,402	2,034	602	120	1,586	16,744
Foreign exchange adjustments	–	(6,691)	(1,097)	–	–	(183)	(7,971)
Balances at December 31, 2016	–	119,435	19,589	8,582	120	3,375	151,101
Net Book Values	\$972,057	\$48,239	\$28,777	\$4,671	\$1,032	\$811	\$1,055,587

Goodwill

As of March 31, 2017 and December 31, 2016, the outstanding balance of goodwill is attributable to Red Vulcan, GCGI, FG Hydro, EDC HKL and FGHC.

Concession rights for contracts acquired

As a result of the purchase price allocation of Red Vulcan, an intangible asset was recognized pertaining to concession rights originating from contracts of EDC amounting to \$204.3 million (₱8,336.7 million). Such intangible asset pertains to the Steam Sales Agreements and PPAs of EDC. The identified intangible asset is amortized using the straight-line method over the remaining term of the existing contracts ranging from 1 to 17 years. The concession rights for contracts acquired have been valued based on the expected future cash flows using the Multiple Excess Earnings Method (MEEM) as of the date of acquisition. MEEM is the most commonly used approach in valuing customer-related assets, although it may be used to value other intangible assets as well. The asset value is estimated as the sum of the discounted future excess earnings attributable to the asset over the remaining project period. The average remaining amortization period of the intangible asset pertaining to the concession rights originating from contracts is 2.0 years to 8.0 years as of March 31, 2017.

Water rights

Water rights pertain to FG Hydro's right to use water from the Pantabangan reservoir for the generation of electricity. NPC, through a Certification issued to FG Hydro dated July 27, 2006, has given its consent to the transfer to FG Hydro, as the winning bidder of the PAHEP/MAHEP, of the water permit for Pantabangan river issued by the National Water Resources Council on March 15, 1977.

Water rights are amortized using the straight-line method over 25 years, which is the term of FG Hydro's agreement with the National Irrigation Administration (NIA). The remaining amortization period of water rights is 14.75 years as of March 31, 2017.

Pipeline rights

Pipeline rights represent the construction cost of the natural gas pipeline facility connecting the natural gas supplier's refinery to FGP's power plant including incidental transfer costs incurred in connection with the transfer of ownership of the pipeline facility to the natural gas supplier. The cost of pipeline rights is amortized using the straight-line method over 22 years, which is the term of the Gas Sale and Purchase Agreements (GSPA). The remaining amortization period of pipeline rights is 7.5 years as of March 31, 2017.

Rights to Use Transmission Line

On July 15, 2015, FGPC has agreed to give, transfer and convey, by way of donation, the Substation Improvements to TransCo amounting to \$1.2 million pursuant to the Substation Interconnection Agreement (SIA) dated September 2, 1997 entered into among FGPC, NPC and Meralco. The transferred substation improvements were accounted for as intangible assets since FGPC still maintains the right to use these assets under the provisions of the PPA with Meralco and the SIA. The cost of the rights to use the Substation Improvements is amortized using the straight-line method over 10 years, which is the remaining term of the PPA with Meralco. The remaining amortization period is 8.42 years as of March 31, 2017.

Other intangible asset

Other intangible asset pertains to EDC's computer software licenses.

11. Other Noncurrent Assets

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Input VAT	\$89,614	\$89,254
Prepaid major spare parts	72,112	65,506
Exploration and evaluation assets	62,105	62,530
Tax credit certificates (TCC)	54,380	54,077
Prepaid expenses	17,609	13,559
AFS financial assets	10,331	10,328
Derivative assets (see Note 20)	3,681	3,372
Long-term receivables	2,832	2,827
Special deposits and funds	2,729	2,695
Retirement assets	2,299	2,597
Others	46,960	46,271
	364,652	353,016
Less allowance for impairment loss	10,193	9,214
	\$354,459	\$343,802

Allowance for impairment losses pertaining to Input VAT and long-term receivables amounted to \$0.7 million and \$0.4 million during the three-month periods ended March 31, 2017 and 2016, respectively.

“Others” account include capital expenditures funding made by EDC to Enerco amounting to \$30.7 million and \$30.2 million as of March 31, 2017 and December 31, 2016, respectively. EDC intends to capitalize these capital expenditures funding against the shares subscription once EDC decides to continue the Mariposa Project which is dependent on the results of the geological and other technical studies on the project.

“Others” account also include advances to contractors, deposits for land acquisitions, and power plant spares totaling to \$12.6 million and \$14.8 million as of March 31, 2017 and December 31, 2016, respectively.

12. Accounts Payable and Accrued Expenses

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Trade	\$262,508	\$276,655
Deferred output VAT	46,965	41,797
Accrued interest and financing costs	41,906	30,951
Withholding & other taxes payable	10,035	13,442
Government share payable	1,465	978
Output VAT	732	1,654
Others	32,845	12,996
	\$396,456	\$378,473

Trade payables are noninterest-bearing and are normally settled on 30 to 60-day payment terms.

The accrued interest represents interest accrued on the outstanding loans which is reckoned from the last payment date up to the financial reporting date.

As of March 31, 2017 and December 31, 2016, the “Others” account includes EDC’s provision for shortfall generation, dividends payable to non-controlling shareholders, and portion of liabilities on regulatory assessments and other contingencies.

13. Long-term Debts

Loans Payable

On March 31, 2017, FGPC obtained a short-term loan amounting to \$15.2 million from Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU) Manila Branch. The short-term loan has an all-in interest rate of 2.20% per annum and is payable on July 28, 2017. The proceeds were used to pay the liquid fuel purchased in December 2016.

Long-term debts

This account consists of long-term debts of:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
EDC	\$1,349,392	\$1,368,221
Parent Company	487,272	490,143
FGP	321,855	321,717
FGPC	220,228	220,011
FNPC	191,289	200,072
Red Vulcan	41,327	41,664
FG Hydro	35,985	36,304
	2,647,348	2,678,132
Less current portion	362,412	289,274
	\$2,284,936	\$2,388,858

EDC

The details of EDC’s long-term debts are as follows:

Creditor/Project	Maturities	Interest Rates	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
US\$300.0 Million Notes	January 20, 2021	6.5%	\$295,541	\$298,427
International Finance Corporation (IFC)				
▪ IFC 1 - ₪4.1 billion	2012-2033	7.4% per annum for the first five years subject to repricing for another five to 10 years	44,426	44,232
▪ IFC 2 - ₪3.3 billion	2013-2025	6.6570%	43,870	44,789
Fixed Rate Note Facility (FXCN)				
▪ ₪4.0 billion	2012-2022	6.6108% per annum from April 4, 2012 to April 30, 2015 and 5.25% from April 30, 2015 until maturity	71,910	72,490
▪ ₪3.0 billion	2012-2022	6.6173% per annum from April 4, 2012 to April 30, 2015 and 5.25% from April 30, 2015 until maturity	53,915	54,349

Creditor/Project	Maturities	Interest Rates	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Refinanced Syndicated Term Loan				
▪ US\$175.0 million	2013-2017	LIBOR plus 1.75% margin	87,434	87,357
2013 Peso Fixed-Rate Bonds (FXR)				
▪ ₱4.0 billion	May 3, 2023	4.7312%	78,446	79,116
▪ ₱3.0 billion	May 3, 2020	4.1583%	59,436	59,933
US\$80 Million Term Loan	June 21, 2018	LIBOR plus 1.8% margin	72,343	72,249
EBWPC Loans:				
\$37.5M Commercial Debt Facility	October 23, 2029	LIBOR plus 2.0% margin	34,061	34,032
\$150.0M ECA Debt Facility	October 23, 2029	LIBOR plus 2.35% margin	135,121	134,969
₱5.6 B Commercial Debt Facility	October 23, 2029	PDST-F rate plus 2.0% margin	102,721	103,593
₱8.5 Billion GCGI Term Loan	March 6, 2022	5.25%	127,845	139,157
₱291.2 Million Term Loan	December 17, 2030	5.75%	5,766	5,816
₱5.0 Billion BGI Term Loan	September 9, 2025	5.25%	87,005	87,728
₱1.5 billion Term Loan	December 5, 2026	5.25%	29,760	30,019
₱1.0 billion Term Loan	December 5, 2031	5.5788%	19,792	19,965
Total			1,349,392	1,368,221
Less current portion			213,820	147,435
Noncurrent portion			\$1,135,572	\$1,220,786

The long-term debts are presented net of unamortized debt issuance costs. A rollforward analysis of unamortized debt issuance costs as of March 31, 2017 and December 31, 2016 is as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Balances at beginning of period	\$16,908	\$20,830
Additions during the period	–	314
Accretion during the period charged to “Interest expense and financing charges” account (see Note 16)	(828)	(3,729)
Foreign exchange differences	(85)	(507)
Balances at end of period	\$15,995	\$16,908

EDC Loans

EDC entered into unsecured long-term loan arrangements with domestic and international financial institutions for its various development projects and working capital requirements.

US\$300.0 Million Notes

On January 20, 2011, EDC issued a 10-year \$300.0 million notes (₱13,350.0 million) at 6.50% interest per annum which will mature in January 2021. The notes are intended to be used by EDC to support the business expansion plans, finance capital expenditures, service debt obligations and for general corporate purposes. Such notes are listed and quoted on the Singapore Exchange Securities Trading Limited (SGX-ST).

On March 27, 2017, EDC issued an invitation to holders (the “Noteholders”) of EDC’s \$300.0 million 6.50% Notes due 2021 (the “Notes”) to tender Notes up to an aggregate principal amount of \$100.0 million for purchase by EDC for cash. The Notes are listed on the SGX-ST. The offer shall commence on March 27, 2017 and shall end on April 4, 2017, subject to adjustment by and at the sole discretion of EDC.

As of March 31, 2017, the total nominal amount of Notes redeemed amounted to \$3.0 million.

On April 5, 2017, EDC extended the deadline of the offer to April 7, 2017. The total nominal amount of Notes redeemed in April amounted to \$67.6 million.

Peso Public Bonds

On December 4, 2009, EDC received ₱12,000.0 million proceeds from the issuance of fixed rate Peso public bonds - split into two tranches - ₱8,500.0 million, due after five years and six months and ₱3,500.0 million, due after seven years, paying a coupon rate of 8.6418% and 9.3327%, respectively. The peso public bonds are also listed on Philippine Dealing & Exchange Corp. (PDEX).

Effective November 14, 2013, certain covenants of the peso public bonds have been aligned with the 2013 peso fixed-rate bonds through consent solicitation exercise held by EDC. Upon securing the required consents, a Supplemental Indenture embodying the parties' agreement on the proposed amendments was signed on November 7, 2013 between EDC and Rizal Commercial Banking Corporation (RCBC)-Trust and Investments Group in its capacity as trustee for the bondholders. On December 5, 2016, EDC fully settled the ₱3,500.0 million fixed-rate Peso public bonds.

IFC

EDC entered into a loan agreement with IFC, a shareholder of EDC, on November 27, 2008 for \$100.0 million or its Peso equivalent of ₱4.1 billion. On January 7, 2009, EDC opted to draw the loan in Peso. The loan is payable in 24 equal semi-annual installments after a three-year grace period at an interest rate of 7.4% per annum for the first five years subject to repricing for another 5 to 10 years. Under the loan agreement, EDC is restricted from creating liens and is subject to certain financial covenants.

On May 20, 2011, EDC signed a 15-year \$75.0 million loan facility with IFC to fund its medium-term capital expenditures program. The loan was drawn in Peso on September 30, 2011, amounting to \$69.3 million (₱3,262.5 million). The loan is payable in 24 equal semi-annual installments after a three-year grace period at an interest rate of 6.657% per annum. The loan includes prepayment option which allows EDC to prepay all or part of the loan anytime starting from the date of the loan agreement until maturity. The prepayment amount is equivalent to the sum of the principal amount of the loan to be prepaid, redeployment cost and prepayment premium.

Issuance of FXCN and Prepayment of FRCN

On April 4, 2012, EDC signed a 10-year FXCN facility agreement amounting to ₱7.0 billion which is divided into two tranches. The proceeds from the first tranche amounting to ₱3.0 billion were used to prepay in full the Series One and Series Three of the previously issued FRCN totaling to ₱2,781.4 million. Subsequently, on May 3, 2012, the FRCN Series Two was also prepaid in full for ₱4,211.1 million using the proceeds from the second FXCN tranche amounting to ₱4.0 billion. The FXCN tranches 1 and 2 bears a coupon rate of 6.6173% and 6.6108% per annum, respectively.

Debt issuance costs amounting to \$2.4 million was capitalized as part of the new FXCN.

Amended FXCN

On April 30, 2015, EDC and the Noteholders amended the FXCN loan agreement to reduce the interest rate to 5.25% for both Tranche 1 and Tranche 2 as well as to effect other amendments in order to align the same with the other loan covenants of EDC.

Transaction costs related to the amended FXCN amounting to \$1.4 million were capitalized to the carrying amount of the FXCN loan.

Refinanced Syndicated Term Loan

On June 17, 2011, EDC entered into a credit agreement for the \$175.0 million (₱7,630.0 million) transferable syndicated term loan facility with ANZ, BTMU, Chinatrust (Philippines) Commercial Banking Corporation, ING Bank N.V., Manila Branch, Maybank

Group, Mizuho, and Standard Chartered Bank as Mandated Lead Arrangers and Bookrunners. The purpose of the new loan is to refinance the old \$175.0 million syndicated term loan availed on June 30, 2010 with scheduled maturity of June 30, 2013. The new loan carries an interest of LIBOR plus a margin of 175 basis points and has installment repayment scheme to commence on June 27, 2013 until June 27, 2017.

2013 Peso Fixed-Rate (FXR) Bonds

On May 3, 2013, EDC issued fixed-rate peso bonds with an aggregate principal amount of \$162.0 million (₱7.0 billion). The FXR bonds, which have been listed on the Philippine Dealing & Exchange Corp. (PDEx), are comprised of \$69.4 million (₱3.0 billion) seven-year bonds at 4.1583% and \$92.6 million (₱4.0 billion) 10-year bonds at 4.7312% due on May 3, 2020 and May 3, 2023, respectively. Interest is payable semi-annually starting November 3, 2013. Transaction costs incurred in connection with the issuance of the seven-year bonds and 10-year bonds amounted to \$0.9 million and \$1.2 million, respectively. The net proceeds of the FXR bonds were used to partially fund the 87 MW Burgos Wind Project located in Burgos, Ilocos Norte.

US\$80 Million Term Loan

On March 21, 2013, EDC entered into a credit agreement with certain banks to avail of a term loan facility of up to \$80.0 million with availability period of 12 months from the date of the agreement.

On December 6, 2013, EDC availed of the full amount of the term loan with maturity date of June 21, 2018. The proceeds are intended to be used by EDC for business expansion, capital expenditures, debt servicing and for general corporate purposes. The term loan carries an interest rate of 1.8% margin plus London Interbank Offered Rate (LIBOR). Debt issuance costs related to the term loan amounted to \$1.9 million, including front-end fees and commitment fee. The repayment of the term loan shall be made based on the following schedule: 4.0% and 5.0% of the principal amount on the 15th and 39th month from the date of the credit agreement, respectively; and 91.0% of the principal amount on maturity date.

₱291.2 Million Term Loan

On December 8, 2015, EDC secured a ₱291.2 million loan from DBP. The term loan carries an interest rate of 5.75% per annum and will mature on December 17, 2030. The proceeds were used to finance the Burgos Solar Phase 1 project.

₱1.5 billion Term Loan

On June 24, 2016, EDC secured a ₱1.5 billion loan at 5.25% per annum maturing on December 5, 2026 with Union Bank of the Philippines (Union Bank). The ₱1.5 billion term loan was used to refinance the outstanding ₱3.5 billion fixed rate bonds, which matured on December 4, 2016, and to fund other general corporate purposes.

₱1.0 billion Term Loan

On December 1, 2016, EDC secured a ₱1.0 billion loan at 5.57% per annum maturing on December 05, 2031 with Security Bank and SB Capital Investment Corporation. The ₱1.0 billion term loan was used to refinance the outstanding ₱3.5 billion fixed rate bonds, which matured on December 4, 2016, and to fund other general corporate purposes.

EBWPC Loan

On October 17, 2014, EDC secured a \$315.0 million financing facility agreement, which covers a Peso Commercial Debt Facility of ₱5.6 billion, an ECA Debt Facility of \$150.0 million, and a USD Commercial Debt Facility of \$37.5 million, from local and foreign banks for the construction of the 150 MW Burgos Wind Project in Ilocos Norte. The facility consists of US Dollar and Philippine Peso-denominated tranches will mature in 15 years. Portion of the proceeds

received from the financing facility was used to settle the outstanding bridge loans availed in October 2014. Total borrowing costs amounted to \$1.8 million.

Under the agreement of the EBWPC's project financing, EBWPC's debt service is guaranteed by EDC. In the last quarter of 2014, EBWPC entered into four (4) interest rate swap agreements with an aggregate notional amount of \$150 million. This is to partially hedge the interest rate risks on its ECA and Commercial Debt Facility (Hedged Loan) that is benchmarked against six (6) months U.S. LIBOR.

On June 15, 2015, EBWPC has fully drawn the \$315.0 million financing agreement in ECA Debt Facility, USD Commercial Debt Facility, and the Peso Commercial Debt Facility with various banks. As part of the agreement, EBWPC will provide a DSRA which will cover the principal and interest payments of the loan in the next six (6) months (see Note 11).

GCGI Loan

On March 6, 2015, GCGI completed the execution of separate loan agreements with Asia United Bank Corporation, Bank of the Philippine Islands (BPI), BDO Unibank, Inc. (BDO), Development Bank of the Philippines (DBP), Land Bank of the Philippines (Landbank), RCBC, Robinsons Bank Corporation, and Union Bank of the Philippines (Union Bank) for the total amount of \$180.6 million (₱8.5 billion) at 5.25% per annum maturing on March 6, 2022. BDO Capital and Investment Corporation acted as sole arranger. As part of the agreement, GCGI has provided a DSRA which will cover the principal and interest payments of the loan in the next six (6) months (see Note 11).

BGI Loan

On September 9, 2015, BGI completed the execution of separate loan agreements with BDO, BPI, and Security Bank for the total amount of \$106.2 million (₱5.0 billion) with a maturity period of 10 years. The initial drawdown amounting to ₱2.5 billion was made on October 7, 2015, while the remaining ₱2.5 billion was drawn on December 7, 2015. BGI may voluntarily prepay all or any part of the principal amount of the loan commencing on and from the 42nd month of the initial drawdown date with a prepayment penalty. BDO Capital and Investment Corporation acted as a structuring supervisor and sole bookrunner. As part of the agreement, BGI will provide a DSRA which will cover the principal and interest payments of the loan in the next six (6) months (see Note 11).

Loan Covenants

The loan covenants covering EDC's outstanding debts include, among others, maintenance of certain level ratios such as: current ratio, debt-to-equity ratio, net financial debt-to-adjusted EBITDA, and debt-service coverage ratios. As of March 31, 2017 and December 31, 2016, EDC, EBWPC, GCGI, and BGI are in compliance with the loan covenants of all its outstanding debts.

Parent Company

\$300.0 Million Notes

On October 9, 2013, the Parent Company issued a \$250.0 million, U.S. Dollar denominated Senior Unsecured Notes (the "Notes") due on October 9, 2023 at the rate of 6.50% per annum, payable semi-annually in arrears on April 9 and October 9 of each year. On October 31, 2013, additional Notes of \$50.0 million were issued and consolidated to form a single series with the Notes. The \$50.0 million Notes are identical in all respects to the original Notes, other than with respect to the date of issuance and issue price. The Notes are issued in registered form in amounts of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The Notes are represented by a permanent global certificate ("Global Certificate") in fully registered form that has been deposited with the custodian for and registered in the name of a nominee for a common depositary for Euroclear bank SA/NV and Clearstream Banking, *societe anonyme*. The Notes are listed on the SGX.

The Parent Company may, at its option, redeem all, (but not part) of the Notes at any time at par, plus accrued interest, in the event of certain tax changes. Upon the occurrence of a Change of Control, the Noteholders shall have the right, at its option, to require the Parent Company to repurchase all, (but not part) of the outstanding Notes at a redemption price equal to 101.0% of the principal amount plus accrued and unpaid interest, no earlier than 30 days and no later than 60 days following notice given to Noteholders of a Change of Control. The Parent Company may at any time and from time to time prior to October 9, 2018 redeem all or a portion of the Notes at a redemption price equal to 100.0% of the principal amount of the Notes redeemed, plus the Applicable Premium, accrued and unpaid interest, if any, to (but not including) the date of redemption. In addition, at any time prior to October 9, 2018, the Parent Company may on any one or more occasions redeem up to 35% of the aggregate principal amount of the Notes, at a redemption price equal to 106.5% of the principal amount of notes redeemed plus accrued and unpaid interest, with the net cash proceeds of certain equity offerings. Finally, at any time and from time to time after October 9, 2018, the Parent Company may on any one or more occasions redeem all or a part of the Notes at a specified redemption price (expressed in percentages of the principal amount) plus accrued and unpaid interest, if any, to (but not including) the date of redemption.

The Notes are direct, unconditional and unsecured obligations of the Parent Company, ranking *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Parent Company, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditor's right. As of March 31, 2017 and December 31, 2016, the Parent Company is in compliance with the terms of the Notes.

The movements of the unamortized debt issuance costs account as of March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Balances at beginning of period	\$2,647	\$2,947
Accretion during the period charged to the "Interest expense and financing charges" account (see Note 16)	(77)	(300)
Balances at end of period	\$2,570	\$2,647

\$200.0 Million Term Facility

On September 22, 2015, the Parent Company signed an unsecured \$200.0 million Term Loan Agreement with BDO as lender and BDO Capital as Arranger. The proceeds are intended to be used to repay invest in and/or finance the Parent Company's subsidiaries to enable the latter to fund capital expenditures for the 414 MW San Gabriel natural gas-fired power plant and other projects, and fund other general corporate requirements. On September 29, 2015, the Parent Company fully availed the term loan of \$200.0 million that will fully mature in September 2025.

The interest rate of the loan is computed semi-annually, every September and March, using fixed interest rates of: (i) 4.90% per annum from drawdown date to March 29, 2016 (repricing date), and (ii) 5.09% per annum each successive six months from repricing date to maturity date.

In addition, the facility imposes standard loan covenants on the Parent Company and requires the Parent Company to maintain a debt service coverage ratio of at least 1.2:1 and a debt-to-equity ratio of at most 2.5:1. The obligations of the Parent Company under this Term Loan Agreement are unsecured. As of March 31, 2017 and December 31, 2016, the Parent Company is in compliance with the terms of the Term Loan Agreement.

The movements of the unamortized debt issuance costs account as of March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Balances at beginning of period	\$1,210	\$1,513
Accretion during the period charged to the “Interest expense and financing charges” account (see Note 16)	(52)	(303)
Balances at end of period	\$1,158	\$1,210

FGP

On October 3, 2012 (the “Refinancing Date”), FGP entered into a Facility Agreement covering a \$420.0 million term loan facility with seven local banks namely: BDO, BPI, PNB, RCBC, Union Bank, The Hongkong and Shanghai Banking Corporation Limited, and Security Bank. The proceeds will be used to repay in full the aggregate principal, accrued interest and fees outstanding under the existing facilities, to fund the debt service reserve amount in the debt reserve account, to fund FGP’s general and corporate working capital requirements, and to upstream the remaining balance to First Gen to fund its investments in other power projects.

On October 22, 2012, FGP availed of the \$420.0 million term loan facility with a 10-year tenor until October 2022. As a result of the refinancing, a portion of the proceeds of the term loan facility was used to pay the outstanding loans amounting to \$77.4 million, and the remaining balance, after funding of the debt service reserve account and payment of other fees and expenses, was upstreamed to First Gen on November 5, 2012 as dividends and advances which are interest-bearing.

With respect to the term loan facility, the interest rate is computed semi-annually, every June and December, using the six-month LIBOR floating benchmark rate plus 225 basis points, except for the first and the last interest periods wherein the benchmark rate will be the LIBOR for such period nearest to the duration of the first and the last interest periods, respectively. The term loan facility offers FGP the one-time option to reset the floating interest rate to a fixed interest rate to be applicable to all or a portion of the outstanding loans on December 10, 2015 or on December 10, 2017 by informing the facility agent five (5) banking days prior to the effective date of the resetting of the interest rate. The fixed interest rate shall be effective on December 10, 2015 to December 10, 2017, as applicable. FGP did not avail the option to reset the floating interest rate to a fixed interest rate on December 10, 2015.

The movements of the unamortized debt issuance costs account as of March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Balances at beginning of period	\$2,283	\$2,876
Accretion during the period charged to “Interest expense and financing charges” account (see Note 16)	(138)	(593)
Balances at end of period	\$2,145	\$2,283

The covenants in the term loan facility of FGP's financing agreement are limited to restrictions with respect to: change in corporate business; amendment of constituent documents; incurrence of other loans; granting of guarantees or right of set-off; maintenance of good, legal and valid title to the critical assets of the site free from all liens and encumbrances other than permitted liens; transactions with affiliates; and maintenance of specified debt service coverage ratio and debt to equity ratio. FGP's real and other properties and shares of stock are no longer mortgaged and pledged as part of security to the lenders. Instead, FGP covenants to its lenders that it shall not permit any indebtedness to be secured by or to benefit from any lien on the critical assets of the site except with the consent of the lenders. As of March 31, 2017 and December 31, 2016, FGP is in compliance with the terms of the said agreement.

FGPC

On November 14, 2008 (the "Refinancing Date"), FGPC entered into a Bank Facility Agreement covering a \$544.0 million term loan facility with nine foreign banks namely: BTMU, Calyon, KfW IPEX Bank GMBH, ING Bank N.V. (Singapore Branch), Bayerische Hypo-Und Vereinsbank AG (Hong Kong Branch), Malayan Banking Berhad, SCB, Société Générale (Singapore Branch) and Kreditanstalt Für Wiederaufbau (KfW) to refinance the Santa Rita project. The term loan is broken down into three separate facilities namely: (i) a Covered Facility with PRI amounting to \$312.0 million with a tenor of 12.5 years, (ii) an Uncovered Facility amounting to \$188.0 million with a ten-year tenor, and (iii) the then existing \$44.0 million term loan provided by KfW which matured in November 2012. A portion of the proceeds of the term loan was used to repay the outstanding loans of FGPC amounting to \$132.0 million and the remaining balance was upstreamed to FGPC's shareholders as dividends and advances which are interest-bearing. Such advances to shareholders are subject to interest rate of 175 basis points over the average of the rate for the six months U.S. dollar deposits quoted by three reputable reference banks in the Philippines, provided however, that such interest rate shall in no case exceed 5.8%.

With respect to the Covered Facility, the interest rate is computed semi-annually, every May and November, using LIBOR plus 325 basis points. This facility is covered by a PRI and premiums payable on the PRI are in addition to the margins payable by FGPC. The Covered Facility will mature on May 10, 2021.

As to the Uncovered Facility, the interest rate is also computed semi-annually, every May and November, using LIBOR plus: (i) 3.50% per annum from the financial close until the 5th anniversary of the Refinancing Date, (ii) 3.75% per annum from the 6th until the 7th anniversary of the Refinancing Date, and (iii) 3.90% per annum from the 8th anniversary of the Refinancing Date until the final maturity date, which is on November 10, 2018.

In 2010, Bayerische Hypo-Und Vereinsbank AG (Hong Kong Branch) and Société Générale (Singapore Branch) assigned all of their rights and obligations under the financing agreements up to the amounts of \$10.0 million (which is comprised of \$5.0 million principal amount of the Covered Facility and \$5.0 million principal amount of the Uncovered Facility) to GE Capital Corporation and \$5.5 million (principal amount of Uncovered Facility) to BDO, respectively. In 2012, Société Générale (Singapore Branch) assigned all of its rights and obligations under the financing agreements up to \$19.9 million of principal amount of the Covered Facility to Allied Bank which was subsequently transferred to PNB as a result of merger of the two banks effective February 9, 2013. In addition, last November 18, 2015, GE Capital Corporation assigned all outstanding loans to GE Capital EFS Financing, Inc. as part of their re-organization (which is comprised of \$3.63 million principal amount of the Covered Facility and \$1.44 million principal amount of the Uncovered Facility).

However, the existing swap contracts (see Note 20) with Bayerische Hypo-Und Vereinsbank AG (Hong Kong Branch) and Société Générale (Singapore Branch) were not assigned.

The movements of the unamortized debt issuance costs account as of March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Balances at beginning of period	\$2,429	\$3,544
Accretion during the period charged to “Interest expense and financing charges” account (see Note 16)	(217)	(1,115)
Balances at end of period	\$2,212	\$2,429

The Common Terms Agreement of the FGPC financing facility contain covenants concerning restrictions with respect to, among others: maintenance of specified debt service coverage ratio; acquisition or disposition of major assets; pledging of present and future assets; change in ownership; any acts that would result in a material adverse effect on the operations of the Santa Rita power plant; and maintenance of good, legal and valid title to the site free from all liens and encumbrances other than permitted liens. As of March 31, 2017 and December 31, 2016, FGPC is in compliance with the terms of the said agreement.

FGPC also entered into separate agreements in connection with its financing facilities as follows:

- Mortgage, Assignment and Pledge Agreement whereby a first priority lien on most FGPC’s real and other properties, including revenues from the operations of the Santa Rita power plant, has been executed in favor of the lenders. In addition, the shares of stock of FGPC were pledged as part of security to the lenders.
- Inter-Creditor Agreements, which describe the administration of the loans.
- Trust and Retention Agreement (TRA) with the lenders’ designated trustees. Pursuant to the terms and conditions of the TRA, FGPC has established various security accounts with designated account banks, where inflows and outflows of proceeds from loans, equity contributions and project revenues are monitored. FGPC may withdraw or transfer moneys from these security accounts, subject to and in accordance with the terms and conditions of the TRA.

FNPC

On July 10, 2014, FNPC signed a \$265.0 million Export Credit Facility with KfW IPEX-Bank of Germany (KfW) with a tenor of 13.7 years to partially finance the 414 MW San Gabriel natural gas-fired power project. This facility has an export credit guarantee provided by Euler Hermes, acting on behalf of the Federal Republic of Germany. The proceeds of the loan will be used primarily to finance the eligible German and non-German goods and services under the Supply Contract of FNPC with Siemens AG, the equipment supplier. FNPC (as the Borrower) and AlliedGen (as the Pledgor) also signed a Pledge Agreement wherein AlliedGen has pledged over 100% of the issued and outstanding capital stock of FNPC in favor of KfW. Furthermore, the Parent Company signed a Guarantee and Indemnity Agreement with KfW, guaranteeing FNPC’s punctual performance on all its payment obligations under the Export Credit Facility loan agreement. With respect to the Export Credit Facility, the interest is paid semi-annually, every March and September, using the fixed interest rate (per annum) of 3.12% plus 25 basis points.

The movements of the unamortized debt issuance costs account as of March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Balances at beginning of period	\$20,600	\$17,855
Additions during the period	–	5,766
Accretion during the period charged to “Property, plant and equipment” account	–	(2,067)
Accretion during the period charged to “Interest expense and financing charges” account (see Note 16)	(811)	(954)
Balances at end of period	\$19,789	\$20,600

Red Vulcan

On November 26, 2007 (the “Drawdown Date”), Red Vulcan availed of Philippine peso-denominated staple financing amounting to \$658.8 million (₱29,200.0 million) (the “Secured Indebtedness”) in relation to the stake sale of 60% of EDC’s issued and outstanding capital stock under an Omnibus Loan and Security Agreement (the “Staple Financing Agreement”). The Staple Financing was originally made available by a group of local lenders; namely, the DBP, BDO, and Landbank (collectively referred to as the “Staple Financing Lenders”). The interest rate of the Secured Indebtedness was computed using the 6-month PDST-F benchmark rate plus the applicable interest margin. Red Vulcan opted to use a semi-annual rate based on PDST-F. The staple financing was for a maximum term of 18 months from Drawdown Date.

As was set forth in the Staple Financing Agreement, Red Vulcan is restricted to declare or pay dividends (other than stock dividend) to its stockholders or partners without the consent of all Staple Financing Lenders. Red Vulcan is also restricted, except for permitted borrowings, to incur any long-term debts, increase its borrowings, or re-avail of existing facilities with other banks or financial institutions. In addition, all of the shares of stock held by Red Vulcan in EDC at that time, which represented 60% of EDC’s issued and outstanding capital stock, consisting of 6,000.0 million common stocks and 7,500.0 million preferred stocks (collectively, the “Pledged Shares”), were pledged as primary security for the due and prompt payment of the Secured Indebtedness. The Pledged Shares were adjusted to effect the 25% stock dividend to the shareholders of EDC declared in 2009.

On November 28, 2008, DBP and Landbank assigned to BDO Unibank, Inc.-Trust and Investments Group (BDO Trust) their corresponding portion of the staple financing loan amounting to \$110.4 million (₱5,310.0 million).

On May 14, 2009 (the “Closing Date”), Red Vulcan signed an amended and restated Omnibus Loan and Security Agreement with BDO and BDO Trust (the “Lenders”) to extend the term of the loan for a maximum of five years and one day from the Closing Date, inclusive of two-year grace period on the principal. Interest is payable every May and November of each year at six-month PDST-F benchmark rate plus 2.5% interest margin per annum. In May 2015, the PDST-F was replaced with PDSTR-2 by way of an amendment to the agreement. Several prepayments have been made by Red Vulcan since the beginning of the loan. Moreover, by 2010, BDO remained as the only Lender to Red Vulcan.

Discharged Shares

- I. On July 11, 2011, pursuant to the amended and restated Omnibus Loan and Security Agreement (Amendment No. 3), the Lenders agreed to a partial release of the Pledged Assets and Pledged Shares (“Pledged Securities”). The Lenders instructed the Security Trustee to release and discharge the pledge and any and all liens in favor of the Lenders on

5,045,508,270 common stock in EDC (the “Discharged Shares”), and the Security Trustee thereafter released and discharged the pledge and any and all liens over the Discharged Shares. After the release of the Discharged Shares, the Pledged Securities consisted of the Pledged Assets on 209,913,000 common stock and preferred stock of Red Vulcan, and the Pledged Shares on 2,454,491,730 common stock and 9,375,000,000 preferred stock of EDC.

- II. On February 21, 2013, pursuant to the amendment and restated Omnibus Loan and Security Agreement (Amendment No. 4), the Lenders agreed to release the Pledged Assets and a partial release of the Pledged Shares. The Lenders instructed the Security Trustee to release and discharge the pledge and any and all liens in favor of the Lenders on 209,913,000 common stock and preferred stock of Red Vulcan, and on 9,375,000,000 preferred stock of EDC. After the release of the Discharged Shares, the Pledged Securities now only consists of the Pledged Shares on 2,454,491,730 common stock of EDC.

Also pursuant to Amendment No. 4 of the Staple Financing Agreement, the Lenders agreed to extend the term of the loan for another three years and six months from the original maturity date of May 15, 2014. The loan will mature on November 14, 2017.

The unamortized debt issuance costs incurred in connection with the availment of long-term debt by Red Vulcan are deducted against the long-term debt. Movements of debt issuance costs are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Balances at beginning of period	\$76	\$269
Accretion during the period charged to “Interest expense and financing charges” account (see Note 16)	(30)	(188)
Foreign exchange difference	–	(5)
Balances at end of period	\$46	\$76

FG Hydro

On May 7, 2010, FG Hydro signed a secured loan agreement for a \$112.0 million (₱5.0 billion) Peso loan with PNB and Allied Bank with a tenor of ten years. With the merger of PNB and Allied Bank in February 2013, FG Hydro’s outstanding loan as of that date was consolidated under PNB. The loan is secured by a Real Estate and Chattel mortgages on all present and future mortgageable assets of FG Hydro. The loan carried interest at 9.025% subject to re-pricing after five years.

On November 7, 2012, FG Hydro’s outstanding loan amounting to \$103.8 million (₱4.3 billion) was restructured by way of an amendment to the loan agreement. The amended agreement provided for a change in the determination of the applicable interest rates and extended the maturity date of the loan by two years with the last repayment to be made on November 7, 2022. FG Hydro has the option to select its applicable interest rate between a fixed or a floating interest rate. FG Hydro initially opted to avail of the loan at the floating rate which was the higher of the six-month PDST-F rate plus a margin of 1.50% per annum or the BSP overnight rate plus a margin of 1% per annum as determined on the interest rate setting date. On May 7, 2015, both parties agreed to replace the six-month PDST-F rate with the six-month PDST-R2 rate as the floating benchmark rate, while the floor rate for a floating loan was pegged at the BSP overnight rate. FG Hydro still has a one-time option to convert to a fixed interest rate for the remaining life of the loan at least five days before any interest setting date. The principal and the interest on the loan are payable on a semi-annual basis. On February 29, 2016, the loan agreement was amended to release from the loan security all present and future chattel and non-critical real assets as specified under the amendment. On November 7, 2016, FG Hydro made a voluntary partial prepayment of the principal loan balance amounting to \$20.1 million

(₱1.0 billion). As of March 31, 2017 and December 31, 2016, the unamortized debt issuance costs incurred amounted to nil.

FG Hydro is obligated to comply with certain covenants with respect to maintaining specified debt-to-equity and minimum debt service coverage ratios, as set forth in its loan covenant with creditors. As of March 31, 2017 and December 31, 2016, FG Hydro is in compliance with those covenants.

14. Other Noncurrent Liabilities

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Asset retirement obligations (Note 9)	\$23,974	\$23,064
Provision for sick and vacation leaves	4,697	5,447
Others	12,707	12,537
	\$41,378	\$41,048

Asset Retirement Obligations

This account consists of the asset retirement obligations of FGP, FGPC and FG Bukidnon. Under their respective ECC's, FGP and FGPC have legal obligations to dismantle their respective power plant assets at the end of their useful lives. FG Bukidnon, on the other hand, has contractual obligation under the lease agreement with PSALM to dismantle its power plant asset at the end of its useful life. FGP, FGPC and FG Bukidnon established their respective provisions to recognize their estimated liability for the dismantlement of the power plant assets.

This account also includes the provision for rehabilitation and restoration costs of EDC which pertain to the present value of estimated costs of legal and constructive obligations required to restore all the existing sites upon termination of the cooperation period. The nature of these restoration activities includes dismantling and removing structures, rehabilitating wells, dismantling operating facilities, closure of plant and waste sites, and restoration, reclamation and re-vegetation of affected areas. The obligation generally arises when the asset is constructed or the ground or environment at the site is disturbed. When the liability is initially recognized, the present value of the estimated costs is capitalized as part of the carrying amount of the related FCRS and production wells under "Property, plant and equipment" and "Exploration and evaluation assets" accounts (see Note 9).

Provision for sick and vacation leaves

Sick and annual vacation leaves with pay are given to active employees subject to certain requirements set by First Gen Group. These leaves are convertible into cash upon separation of the employees. At the end of the year, any remaining unused sick and vacation leave are accrued up to maximum allowed number of leave credits which is based on the employees' length of service. For EDC, vacation and sick leave credits exceeding the maximum allowed for accrual are forfeited.

Others

The "Others" account include EDC's estimate of the probable costs for the resolution of EDC's pending assessments from various regulatory agencies and pending legal cases. Such estimated costs were developed in consultation with in-house and external legal counsels and are based on the analysis of the potential outcomes. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings.

15. Equity

a. Capital Stock

As of March 31, 2017, the Parent Company's redeemable preferred stocks consist of the following:

- The Series "B" preferred stocks have voting rights, entitled to cumulative dividends of two centavos (₱0.02) a share and redeemable at the option of the Parent Company.
- The Series "E" preferred stocks have voting rights, entitled to receive dividends at one centavo (₱0.01) a share and redeemable at the option of the Parent Company.
- The Series "F" preferred stocks have non-voting rights except in the cases provided by law, issue value of one hundred pesos (₱100) a share, dividend rate of 8.0% on the issue price, entitled to receive cumulative dividends, and redeemable at the option of the Parent Company.
- The Series "G" preferred stocks have non-voting rights except in the cases provided by law, issue value of one hundred pesos (₱100) a share, dividend rate of 7.7808% on the issue price, entitled to receive cumulative dividends, and redeemable at the option of the Parent Company.

Preferred stocks, regardless of series, are non-participating and non-convertible to common stocks.

On May 11, 2016, the BOD of the Parent Company approved during its Organizational board meeting the two-year extension of the buy-back programs from June 1, 2016 to May 31, 2018. The two-year extension covers the: (i) common stock buy-back program covering up to 300.0 million of the Parent Company's common stocks; and (ii) Series "F" and "G" Preferred Shares buyback program covering up to ₱10.0 billion worth of said redeemable preferred stocks.

b. Deposits for future stock subscriptions

On October 30, 2015, FPH made deposits for future stock subscriptions amounting to \$2.1 million (₱100.0 million) for its subscription to the Series "H" preferred stocks of the Parent Company.

c. Retained Earnings

Following are the dividends declared and paid by the Parent Company in 2016:

Declaration date	Record date	Payment date	Shareholders	Description	Dividend per share	Total amount (in USD)	Total amount (in PHP)
Nov. 28, 2016	Dec. 29, 2016	Jan. 25, 2017	Series "B" Preferred	Regular	₱0.02	\$406	₱20,000
Nov. 28, 2016	Dec. 29, 2016	Jan. 25, 2017	Series "E" Preferred	Regular	0.01	95	4,686
Nov. 28, 2016	Dec. 29, 2016	Jan. 25, 2017	Series "F" Preferred	Regular	4.00	5,171	254,500
Nov. 28, 2016	Dec. 29, 2016	Jan. 25, 2017	Series "G" Preferred	Regular	3.8904	9,088	447,294
Nov. 28, 2016	Dec. 29, 2016	Jan. 25, 2017	Series "G" Preferred*	Regular	0.38904	109	5,349
Sept. 14, 2016	Sept. 28, 2016	Oct. 14, 2016	Common	Regular	0.35	27,463	1,281,330
June 15, 2016	June 29, 2016	July 25, 2016	Series "F" Preferred	Regular	4.00	5,439	254,540
June 15, 2016	June 29, 2016	July 25, 2016	Series "G" Preferred	Regular	3.8904	9,977	466,848
June 15, 2016	June 29, 2016	July 25, 2016	Series "G" Preferred*	Regular	0.38904	114	5,349
						\$57,862	₱2,739,896

*Pertains to the 13,750,000 Series "G" preferred stocks issued to FPH by way of private placement.

The retained earnings balance is restricted to the extent of: (a) acquisition price of the treasury shares amounting to \$127.2 million and \$122.1 million as of March 31, 2017 and December 31, 2016, respectively, and (b) the undistributed net earnings of investee companies (including consolidated subsidiaries) amounting to \$558.4 million and \$494.6 million as of March 31, 2017 and December 31, 2016, respectively. Undistributed earnings of the investee companies are not available for dividend distribution until such time that the Parent Company receives the dividends from these investee companies.

d. Treasury Stocks

(i) Movements in the number of common stocks held in treasury are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Balances at beginning of period	61,162,900	58,874,700
Common stocks acquired through market by subsidiaries during the period	–	2,288,200
Balances at end of period	61,162,900	61,162,900

On January 20, 2015, the Parent Company authorized the issuance of 279,406,700 common stocks to be taken from its treasury stock at issue price of ₱25.25 per share (the “Offer Price”). The price represents a 2.9% discount to the last traded price of ₱26.00 per share.

As of March 31, 2017 and December 31, 2016, the number of common stocks of Parent Company held by subsidiaries totaled to 61,162,900. The costs of these Parent Company common stocks held by subsidiaries amounted to \$24.3 million as of March 31, 2017 and December 31, 2016. These are included as part of “Cost of stocks held in treasury” account in the equity section of the unaudited interim consolidated statement of financial position.

In 2016, the portion of cash dividends declared pertaining to common stocks held by subsidiaries, and thus reverted to retained earnings amounted to \$0.4 million.

(ii) On October 6, 2015, the Parent Company purchased from the open market 36,365,000 Series “F” redeemable preferred stocks at a market price of ₱110.00 per share. The transaction was made pursuant to a two-year buyback program approved by the BOD on May 12, 2014. Total payment for the buyback of the Series “F” redeemable preferred stocks amounted to \$85.6 million (₱4.0 billion).

In 2016, the Parent Company purchased from the open market 10,010 and 5,026,280 Series “F” and Series “G” redeemable preferred stocks, respectively. Total payments for the buyback of the Series “F” and Series “G” redeemable preferred stocks amounted to \$0.02 million (₱1.1 million) and \$12.2 million (₱598.8 million), respectively.

In 2017, the Parent Company purchased from the open market 422,830 and 1,849,000 Series “F” and Series “G” redeemable preferred stocks, respectively. Total payments for the buyback of the Series “F” and Series “G” redeemable preferred stocks amounted to \$0.9 million (₱45.8 million) and \$4.2 million (₱209.5 million), respectively.

As of March 31, 2017 and December 31, 2016, the Parent Company’s total Series “F” and Series “G” redeemable preferred stocks held in treasury amounted to \$103.0 million and \$97.8 million, respectively.

16. Costs and Expenses

Costs of sale of electricity

	For the Three-Month Periods Ended March 31	
	2017	2016
Fuel cost	\$141,639	\$139,891
Depreciation and amortization (Notes 9 and 10)	50,265	44,107
Power plant operations and maintenance	40,492	36,812
Others	12,457	12,760
	\$244,853	\$233,570

General and administrative expenses

	For the Three-Month Periods Ended March 31	
	2017	2016
Staff costs	\$14,271	\$17,352
Professional fees	7,910	8,656
Insurance, taxes and licenses	11,542	9,199
Depreciation and amortization (Notes 9 and 10)	2,246	2,019
Parts and supplies issued	318	541
Repairs and maintenance	883	855
Provision for impairment loss	1,636	448
Provision for (reversal of) impairment of spare parts and supplies inventories	282	(75)
Others	3,500	3,565
	\$42,588	\$42,560

Interest Expense and Financing Charges

	For the Three-Month Periods Ended March 31	
	2017	2016
Interest on:		
Long-term debt	\$37,573	\$41,139
Swap fees	1,715	2,640
Liability from litigation	39	41
Accretion on:		
Debt issuance cost (Note 13)	2,153	1,610
Asset retirement obligation (Note 14)	247	258
	\$41,727	\$45,688

17. Earnings Per Share Calculation

	For the Three-Month Periods Ended March 31	
	2017	2016 (As Restated)
(a) Net income attributable to equity holders of the Parent Company	\$41,298	\$58,591
Less dividends on preferred stocks	(7,499)	(8,261)
(b) Net income available to common stocks	\$33,799	\$50,330
(c) Weighted average number of common stocks for basic earnings per share	3,599,780,657	3,600,543,390
Basic Earnings Per Share (b/c)	\$0.009	\$0.014

18. Related Party Transactions

Related party relationship exists when the party has the ability to control, directly or indirectly, through one or more intermediaries, or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel, directors and stockholders. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

The following are the significant transactions with related parties:

- Due to a related party represent noninterest-bearing U.S. dollar and Philippine peso-denominated emergency loans to meet working capital and investment requirements of First Gen Group.
- First Gen Group leases its office premises where its new principal offices are located from Rockwell Land Corporation (Rockwell), a subsidiary of FPH.
- The Parent Company is engaged as EDC's consultant to render services pertaining to financial, business development and other matters under a Consultancy Agreement. On March 8, 2015, the Parent Company and EDC agreed to extend the Consultancy Agreement for a period of 24 months, from January 1, 2015 to December 31, 2016, for a monthly fee of \$0.6 million (₱28.4 million, net of withholding taxes plus VAT). On November 23, 2016, the Parent Company and EDC agreed further to extend the Consultancy Agreement for a period of 24 months, from January 1, 2017 to December 31, 2018, for a monthly fee of \$0.6 million (₱28.0 million, net of withholding taxes plus VAT).
- Following the usual bidding process in 2010, EDC awarded to First Balfour a procurement contract for various works such as civil, structural and mechanical/piping works in EDC's geothermal, solar and wind power plants. EDC also engaged the services of Thermaprime Well Services, Inc. (Thermaprime), a subsidiary of First Balfour, for the drilling services such as, but not limited to, rig operations, rig maintenance, well design and engineering. As of March 31, 2017 and December 31, 2016, the outstanding balances of EDC's payables to First Balfour and Thermaprime totalled to \$14.7 million and \$26.3 million, respectively, recorded under "Accounts payable and accrued expenses" account in the unaudited interim consolidated statements of financial position (see Note 12). First Balfour is a wholly owned subsidiary of FPH.

e. GSPA between Prime Meridian and FGP

On December 4, 2015, Prime Meridian (as “Buyer”) and FGP (as “Seller”) entered a GSPA wherein the Seller shall sell and tender for delivery to Buyer at the Delivery Point, and Buyer shall purchase and take from Seller the quantities of natural gas determined by Buyer to meet the operating requirements of the Avion Plant, provided that such quantities shall not exceed the Available Daily Gas Quantity and the Available Annual Gas Quantity, as applicable, and provided further that, the Seller shall have no obligation to tender for delivery quantity of natural gas if there is restriction or expected restriction in the availability of natural gas or if the quantity of natural gas is or will not be sufficient after taking into consideration the operational requirements of the Seller.

f. Intercompany Guarantees

Parent Company

During the May 12, 2014 Annual Stockholders’ Meeting and Organizational Meeting of the BOD of the Parent Company, the stockholders and the BOD of the Parent Company approved the confirmation, ratification and approval of the authority of the Parent Company, pursuant to Clause (i) of the Second Article of the Parent Company’s Amended Articles of Incorporation, to act as a guarantor or co-obligor or assume any obligation of any person, corporation or entity in which the Corporation may have an interest, directly or indirectly, including but not limited to FNPC, which is the operating company of the 420 MW San Gabriel power plant and Prime Meridian, which is the operating company of the 100 MW Avion power plant, under such terms and conditions as the Parent Company’s duly authorized representatives may deem necessary, proper or convenient in the best interests of the Parent Company and its relevant subsidiary.

On July 10, 2014, the Parent Company signed a Guarantee and Indemnity Agreement with KfW, guaranteeing FNPC’s punctual performance on all its payment obligations under the Export Credit Facility loan agreement.

As of March 31, 2017 and December 31, 2016, the Parent Company issued guarantees totaling to nil and \$8.0 million, respectively, in favor of the Board of Investments (BOI), to guarantee the payment of customs duties waived in the event that FNPC and/or Prime Meridian does not comply with the terms and conditions of their respective Certificates of Authority specifically on the installation and permanent use of imported capital equipment, spare parts and accessories were installed in the San Gabriel and Avion power plants. On February 8, 2017, the BOI granted the requests of FNPC and Prime Meridian for the cancellation of the Parent Company guarantees in view of San Gabriel and Avion Power Plant’s compliance of its obligation under their respective Certificates of Authority.

EDC

EDC issued letters of credit amounting to \$80.0 million in favor of its subsidiary, EDC Chile Limitada, as evidence of its financial support for EDC Chile Limitada’s participation in the bids for geothermal concession areas by the Chilean Government.

EDC also issued letters of credit in favor of its subsidiaries in Peru, namely, EDC Peru S.A.C. and EDC Energia Verde Peru S.A.C. at \$0.3 million each as evidence of EDC’s financial support for the geothermal authorizations related to the exploration drilling activities of the said entities.

Terms and Conditions of Transactions with Related Parties. As mentioned above, except for the letters of credit issued by EDC in favor of EDC Chile Limitada, and EDC Energia Verde Peru S.A.C., and the Parent Company guarantees issued to FNPC and Prime Meridian in relation to the San Gabriel and Avion power plants, respectively, there have been no other guarantees provided for or received from any other related party for the period ended March 31, 2017, and the year

ended December 31, 2016. The outstanding balances at the end of each period are unsecured and interest-free and settlement occurs in cash.

Details of amounts due from related parties (included in the “Receivables” account) and due to a related party are as follows:

Related Party	Nature of Transactions	Terms	Transactions for the periods ended		Net Amounts due from/to related parties	
			March 31, 2017 (Unaudited)	December 31, 2016 (Audited)	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Due from related parties*						
FPIC	Interest-free advances	Unsecured & payable by demand	\$—	(\$772)	\$—	\$—
FGNEC	- do -	- do -	1	—	169	168
FGEN Northern Power			(142)	149	7	149
First Philec			—	6	6	6
Others	- do -	- do -	222	196	1,491	1,269
			\$81	(\$421)	\$1,673	\$1,592
Due to a related party						
FGHC International Ltd.	Interest-free advances	Unsecured & payable by demand	\$—	\$—	\$145	\$145

*Included as part of “Receivables” (see Note 5 to the unaudited interim condensed consolidated financial statements).

Due from/to related parties - Others are advances to/from FPH, Lopez Holdings and FPH Capital Resources, Inc. (FCRI). Lopez Holdings is the intermediate parent company of First Gen through FPH. FCRI is a subsidiary of FPH.

19. Financial Risk Management Objectives and Policies

First Gen Group’s principal financial liabilities are comprised of trade payables, loans payable, and long-term debts, among others. The main purpose of these financial liabilities is to raise financing for First Gen Group’s growth and operations. First Gen Group has other various financial assets and liabilities such as cash and cash equivalents, receivables, amounts due to/from related parties and accounts payable and accrued expenses, which arise directly from its operations.

As a matter of policy, First Gen Group does not trade its financial instruments. However, First Gen Group enters into derivative and hedging transactions, primarily interest rate swaps, cross currency swap and foreign currency forwards, as needed, for the sole purpose of managing the relevant financial risks that are associated with First Gen Group’s borrowing activities and as required by the lenders in certain cases.

First Gen Group has an Enterprise Wide Risk Management Program which is aimed to identify risks based on the likelihood of occurrence and impact to the business, formulate risk management strategies, assess risk management capabilities and continuously monitor the risk management efforts.

The main financial risks arising from First Gen Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The BOD reviews and approves policies for managing each of these risks.

Credit Risk

First Gen Group trades only with recognized, reputable and creditworthy third parties and/or transacts only with institutions and/or banks which have demonstrated financial soundness. It is First Gen Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the level of the allowance account is reviewed on an ongoing basis to ensure that First Gen Group’s exposure to doubtful accounts is not significant.

In the case of EDC, the geothermal and power generation businesses trade with two major customers, NPC and National Transmission Corporation (TransCo), both are government-owned-and-controlled corporations. Any failure on the part of NPC and TransCo to pay their obligations to EDC would significantly affect EDC's business operations. As a practice, EDC monitors closely its collections from NPC and TransCo, and may charge interest on delayed payments following the provisions of the PPAs and Renewable Energy Payment Agreement (REPA), respectively. Receivable balances are monitored on an on-going basis to ensure that EDC's exposure to bad debts is not significant. The maximum exposure of trade receivable is equal to the carrying amount.

With respect to credit risk arising from the other financial assets of First Gen Group, which comprise of cash and cash equivalents, excluding cash on hand, and trade and other receivables, First Gen Group's exposure to credit risk arises from a possible default of the counterparties with a maximum exposure equal to the carrying amount of these instruments.

Credit Risk Exposure. The table below shows the gross maximum exposure to credit risk of First Gen Group as of March 31, 2017 and December 31, 2016

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Financial assets accounted for as cash flow hedge		
Derivative assets	\$13,193	\$12,833
Financial assets at FVPL		
Designated as at FVPL	22,467	22,534
Loans and receivables		
Cash and cash equivalents*	617,015	497,873
Receivables:		
Trade	316,311	336,518
Due from related parties	1,673	1,592
Others	7,561	6,372
DSRA	23,730	20,665
Long-term receivables	605	1,265
Short-term investments	2,500	5,873
Special deposits and funds	2,729	2,695
Other current assets	708	726
Total loans and receivables	972,832	873,579
AFS financial assets		
Debt securities	9,310	2,565
Equity securities	7	6,749
Proprietary club membership shares	1,014	1,014
Total AFS financial assets	10,331	10,328
	\$1,018,823	\$919,274

* Excluding cash on hand

First Gen Group does not hold collateral for its financial assets as security.

The following tables show First Gen Group's aging analysis of financial assets as of March 31, 2017 and December 31, 2016:

March 31, 2017 (Unaudited)							
	Neither Past Due nor Impaired	Past Due but Not Impaired				Past Due and Impaired	Total
		Less than 30 Days	31 Days to 1 Year	Over 1 Year up to 3 Years	Over 3 Years		
Loans and receivables:							
Cash and cash equivalents*	\$617,015	\$–	\$–	\$–	\$–	\$–	\$617,015
Trade receivables	225,054	9,709	31,661	16,079	33,808	2,471	318,782
Due from related parties	1,673	–	–	–	–	–	1,673
Other receivables	2,595	1,330	3,036	600	–	–	7,561
Long-term receivables	605	–	–	–	–	2,227	2,832
Special deposits and funds	2,729	–	–	–	–	–	2,729
DSRA	23,730	–	–	–	–	–	23,730
Short-term investments	2,500	–	–	–	–	–	2,500
Other current assets	708	–	–	–	–	–	708
AFS financial assets:							
Debt securities	9,310	–	–	–	–	–	9,310
Equity securities	7	–	–	–	–	–	7
Proprietary club membership shares	1,014	–	–	–	–	–	1,014
Financial assets at FVPL - Designated as at FVPL	22,467	–	–	–	–	–	22,467
Financial assets accounted for as cash flow hedge - Derivative assets	13,193	–	–	–	–	–	13,193
Total	\$922,600	\$11,039	\$34,697	\$16,679	\$33,808	\$4,698	\$1,023,521

December 31, 2016 (Audited)							
	Neither Past Due nor Impaired	Past Due but Not Impaired				Past Due and Impaired	Total
		Less than 30 Days	31 Days to 1 Year	Over 1 Year up to 3 Years	Over 3 Years		
Loans and receivables:							
Cash and cash equivalents*	\$497,873	\$–	\$–	\$–	\$–	\$–	\$497,873
Trade receivables	268,060	5,241	12,988	50,229	–	2,307	338,825
Due from related parties	1,592	–	–	–	–	–	1,592
Other receivables	6,372	–	–	–	–	–	6,372
Long-term receivables	1,265	–	–	–	–	1,562	2,827
Special deposits and funds	2,695	–	–	–	–	–	2,695
Short-term investments	5,873	–	–	–	–	–	5,873
DSRA	20,665	–	–	–	–	–	20,665
Other current assets	726	–	–	–	–	–	726
AFS financial assets:							
Debt securities	2,565	–	–	–	–	–	2,565
Equity securities	6,749	–	–	–	–	–	6,749
Proprietary club membership shares	1,014	–	–	–	–	–	1,014
Financial assets at FVPL - Designated as at FVPL	22,534	–	–	–	–	–	22,534
Financial assets accounted for as cash flow hedge - Derivative assets	12,833	–	–	–	–	–	12,833
Total	\$850,816	\$5,241	\$12,988	\$50,229	\$–	\$3,869	\$923,143

* Excluding cash on hand

Credit Quality of Financial Assets

The evaluation of the credit quality of First Gen Group's financial assets considers the payment history of the counterparties.

Financial assets are classified as 'high grade' if the counterparties are not expected to default in settling their obligations, thus, credit risk exposure is minimal. These counterparties normally include banks, related parties and customers who pay on or before due date. Financial assets are classified as 'standard grade' if the counterparties settle their obligations to First Gen Group with tolerable delays.

As of March 31, 2017 and December 31, 2016, substantially all financial assets are viewed by management as 'high grade', considering the collectability of the receivables and the credit history of the counterparties. Meanwhile, past due but not impaired financial assets are classified as standard grade.

Concentration of Credit Risk

The Parent Company, through its operating subsidiaries FGP and FGPC, earns substantially all of its revenue from Meralco. Meralco is committed to pay for the capacity and energy generated by the San Lorenzo and Santa Rita power plants under the existing long-term PPAs which are due to expire in September 2027 and August 2025, respectively. While the PPAs provide for the mechanisms by which certain costs and obligations including fuel costs, among others, are pass-through to Meralco or are otherwise recoverable from Meralco, it is the intention of the Parent Company, FGP and FGPC to ensure that the pass-through mechanisms, as provided for in their respective PPAs, are followed.

EDC's geothermal and power generation businesses trade with two major customers, namely NPC and TransCo. Any failure on the part of NPC and TransCo to pay their obligations to EDC would significantly affect EDC's business operations.

First Gen Group's exposure to credit risk arises from default of the counterparties, with a maximum exposure equal to the carrying amounts of the receivables from Meralco, in the case of FGP and FGPC, and the receivables from NPC and TransCo, in the case of EDC.

The table below shows the risk exposure in respect to credit concentration of First Gen Group as of March 31, 2017 and December 31, 2016:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Trade receivables from Meralco	\$131,958	\$178,267
Trade receivables from NPC and TransCo	49,675	78,354
Total credit concentration risk	181,633	\$257,041
Total receivables	\$325,545	\$344,482
Credit concentration percentage	55.79%	74.62%

Capital Management

The primary objective of First Gen Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business, comply with its financial loan covenants and maximize shareholder value.

First Gen Group manages its capital structure and makes adjustments to it, in light of changes in business and economic conditions. To maintain or adjust the capital structure, First Gen Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the period ended March 31, 2017 and the year ended December 31, 2016.

First Gen Group monitors capital using a debt ratio, which is total debt (net of debt issuance costs) divided by total debt plus total equity. The amounts considered as total debt are mostly interest-bearing debt and First Gen Group's practice is to keep the debt ratio lower than 75:25.

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Long-term debts (current and non-current portions)	\$2,647,348	\$2,678,132
Loans payable	15,230	–
	\$2,662,578	\$2,678,132

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Equity attributable to the equity holders of the Parent		
Company	\$1,690,416	\$1,662,949
Non-controlling interests	424,146	426,618
Total equity	\$2,114,562	\$2,089,567
Total debt and equity	\$4,777,140	\$4,767,699
Debt ratio	56:44	56:44

First Gen Group's subsidiaries are obligated to perform certain covenants with respect to maintaining specified debt-to-equity and minimum debt-service-coverage ratios, as set forth in their respective agreements with the creditors. As of March 31, 2017 and December 31, 2016, First Gen Group is in compliance with those covenants.

20. Financial Instruments

Set out below is a comparison by category of the carrying values and fair values of First Gen Group's financial instruments as at March 31, 2017 and December 31, 2016 that are carried in the unaudited interim condensed consolidated financial statements:

	March 31, 2017 (Unaudited)		December 31, 2016 (Audited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Financial assets accounted for as cash flow				
hedges - Derivative assets	\$13,193	\$13,193	\$12,833	\$12,833
Financial assets designated at FVPL	22,467	22,467	22,534	22,534
Loans and receivables:				
Cash and cash equivalents	617,452	617,452	497,980	497,980
Receivables:				
Trade	316,311	316,311	336,518	336,518
Due from related parties	1,673	1,673	1,592	1,592
Others	7,561	7,561	6,372	6,372
Long-term receivables	605	605	1,265	1,209
Special deposits and funds	2,729	2,729	2,695	2,695
Short-term investments	2,500	2,500	5,873	5,873
DSRA	23,730	23,730	20,665	20,665
Other current assets	708	708	726	726
Total loans and receivables	973,269	973,269	873,686	873,630
AFS financial assets -				
Debt securities	9,310	9,310	2,565	2,565
Equity securities	7	7	6,749	6,749
Proprietary club membership shares	1,014	1,014	1,014	1,014
Total AFS financial assets	10,331	10,331	10,328	10,328
	\$1,019,260	\$1,019,260	\$919,381	\$919,325
Financial Liabilities				
Financial liabilities carried at amortized cost:				
Accounts payable and accrued expenses*	\$338,724	\$338,724	\$321,580	\$321,580
Due to a related party	145	145	14,719	14,719
Loans payable	15,230	15,230	–	–
Dividends payable	–	–	145	145
Long-term debts	2,647,348	2,792,835	2,678,132	2,832,607
Total financial liabilities at amortized cost	3,001,447	3,146,934	3,014,576	3,169,051
Financial liability accounted for as cash flow				
hedges - Derivative liabilities	15,365	15,365	16,435	16,435
	\$3,016,812	\$3,162,299	\$3,031,011	\$3,185,486

*Excluding output VAT, local and other taxes and payables to government agencies.

Fair Value and Categories of Financial Instruments

The fair values of cash and cash equivalents, receivables, other current assets, accounts payable and accrued expenses, due to a related party, loans payable and dividends payable approximate the carrying values at financial reporting date, due to the short-term maturities of the transactions.

Long-term Receivables

The fair value of long-term receivables was computed by discounting the expected cash flow using the applicable rates of 3.77% and 3.40% as of March 31, 2017 and December 31, 2016, respectively.

AFS financial assets

Fair values of quoted debt and equity securities are based on quoted market prices. For equity instruments that are not quoted, the investments are carried at cost less allowance for impairment losses, if any, due to the unpredictable nature of future cash flows and the lack of suitable methods of arriving at a reliable fair value.

FGP and FGPC long-term debts

The fair values of long-term debts were computed by discounting the instruments' expected future cash flows using the prevailing credit adjusted U.S. dollar interest rates ranging from 1.2094% to 2.114% and 0.9656% to 2.1780% as of March 31, 2017 and December 31, 2016, respectively.

Parent Company & FNPC long-term debts

The fair values of the Parent Company's and FNPC's U.S. dollar-denominated long-term debts were computed by discounting the instruments' expected future cash flows using the prevailing credit adjusted U.S. dollar interest rates on March 31, 2017 and December 31, 2016 ranging from 0.897% to 2.223% and 0.6350% to 2.6520%, respectively.

Long-term debts of Red Vulcan, EDC and FG Hydro

The fair values of EDC's and FG Hydro's long-term debts were estimated using the discounted cash flow methodology with the applicable rates ranging from 1.75% to 119.25% on March 31, 2017 and 1.75% to 34.18% on December 31, 2016. As of March 31, 2017 and December 31, 2016, the fair value of Red Vulcan's Staple Financing approximates its carrying value as it will mature on November 14, 2017.

Fair Value Hierarchy of Financial Assets and Liabilities

The table below summarizes the fair value hierarchy of First Gen Group's financial assets and liabilities that are recorded at fair value. The hierarchy of these assets and liabilities are based on the inputs used to derive the fair value of such financial assets and liabilities and are categorized as follows:

- a) Level 1 category includes financial assets and liabilities whose fair value is based on quoted market price in active markets for identical assets and liabilities;
- b) Level 2 category includes financial assets and liabilities whose fair value uses inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- c) Level 3 category includes those financial assets and liabilities whose fair value is derived using inputs that are not based on observable market data.

	March 31, 2017 (Unaudited)			
	Fair value	Level 1	Level 2	Level 3
Loans and receivables:				
Long-term receivables	\$605	\$–	\$–	\$605
AFS financial assets:				
Debt securities	9,310	9,310	–	–
Equity securities	7	–	7	–
Financial assets accounted for as cash				
flow hedges - Derivative assets	13,193	–	13,193	–
Financial assets designated at FVPL	22,467	–	22,467	–
Liabilities at amortized cost –				
Long-term debt	2,792,835	–	–	2,792,835
Financial liabilities accounted for as				
cash flow hedges -				
Derivative liabilities	15,365	–	15,365	–
December 31, 2016 (Audited)				
	Fair value	Level 1	Level 2	Level 3
Loans and receivables:				
Long-term receivables	\$1,209	\$–	\$–	\$1,209
AFS financial assets:				
Debt securities	2,565	2,565	–	–
Equity securities	6,749	655	6,094	–
Financial assets accounted for as cash flow				
hedges - Derivative assets	12,833	–	12,833	–
Financial assets designated at FVPL	22,534	–	22,534	–
Long-term debt	2,832,607	–	–	2,832,607
Financial liabilities accounted for as cash				
flow hedges - Derivative liabilities	16,435	–	16,435	–

As of March 31, 2017 and December 31, 2016, there were no transfers between Level 1 and Level 2 fair value measurements and there were no transfers into and out of Level 3 fair value measurements.

Derivative Financial Instruments

First Gen Group enters into derivative transactions such as interest rate swaps to hedge its interest rate risks arising from its floating rate borrowings, cross currency swap and foreign currency forwards to hedge the foreign exchange risk arising from its loans and payables. These derivatives (including embedded derivatives) are accounted for either as derivatives not designated as accounting hedges or derivatives designated as accounting hedges.

The tables below show the fair values of First Gen Group's outstanding derivative financial instruments, reported as assets or liabilities, together with their notional amounts as of March 31, 2017 and December 31, 2016. The notional amount is the basis upon which changes in the value of derivatives are measured.

	March 31, 2017 (Unaudited)			December 31, 2016 (Audited)		
	Derivative Assets	Derivative Liabilities	Notional Amount	Derivative Assets	Derivative Liabilities	Notional Amount
Derivatives Designated as Accounting Hedges						
Freestanding derivatives -						
Interest rate swaps	\$2,074	\$15,365	\$441,865	\$2,213	\$16,435	\$441,865
Cross currency swaps	9,465	–	75,000	9,410	–	75,000
Call Spread Contracts	1,654	–	28,800	1,210	–	28,800
Total derivatives	\$13,193	\$15,365		\$12,833	\$16,435	
Presented as:						
Current	\$9,512	\$108		\$9,461	\$88	
Noncurrent	3,681	15,257		3,372	16,347	
Total derivatives	\$13,193	\$15,365		\$12,833	\$16,435	

Derivatives Designated as Accounting Hedges

First Gen Group has interest rate swaps accounted for as cash flow hedges for its floating rate loans and cross-currency swaps and foreign currency forwards accounted for as cash flow hedges of its Philippine peso and U.S. dollar denominated borrowings, respectively. Under a cash flow hedge, the effective portion of changes in fair value of the hedging instrument is recognized as cumulative translation adjustments in other comprehensive income (loss) until the hedged item affects earnings.

Interest Rate Swaps - FGPC

On November 14, 2008, FGPC entered into eight interest rate swap agreements with the following hedge providers namely: Société Générale (Singapore Branch), Bayerische Hypo-und Vereinsbank AG (Hong Kong Branch), Calyon and SCB. On the same date, FGPC designated the interest rate swaps as hedges of the cashflow variability in the Covered and Uncovered Facilities, attributable to the movements in the six-month LIBOR (see Note 13).

Under the four interest rate swap agreements that hedge 100% of the Covered Facility, FGPC pays a fixed rate of 4.4025% and receives a 6-month U.S. LIBOR on the aggregate amortizing notional amount of \$312.0 million, simultaneous with the interest payments every May and November on the hedged loan. The notional amounts of the interest rate swaps are amortizing based on the repayment schedule of the hedged loan. The interest rate swap agreements have a term of 12 ½ years and will mature on May 10, 2021 (coinciding with the maturity of the hedged loan).

Under the four interest rate swap agreements that hedge 75% of the Uncovered Facility, FGPC pays a fixed rate of 4.0625% and receives a 6-month U.S. LIBOR on the aggregate amortizing notional amount of \$141.0 million, simultaneous with the interest payments every May and November on the hedged loan. The notional amounts of the interest rate swaps are amortizing based on the repayment schedule of the hedged loan. The interest rate swaps have a term of 8 ½ years and will mature on May 10, 2017 (coinciding with the maturity of the hedged loan).

As of March 31, 2017 and December 31, 2016, the aggregate negative fair values of the interest rate swaps that were deferred to “Cumulative translation adjustments” account in the unaudited interim consolidated statements of financial position amounted to \$1.1 million (net of related deferred income tax effect of \$0.5 million) and \$10.1 million (net of related deferred income tax effect of \$4.3 million), respectively.

Interest Rate Swap - FGP

In April 2013, FGP entered into two interest rate swap agreements with ING Bank and SCB to hedge its floating rate exposure on \$80.0 million of its \$420.0 million term loan facility (see Note 13). Under the interest rate swap agreements, FGP pays a fixed rate of 1.425% and receives a floating rate of U.S. LIBOR, on a semi-annual basis, simultaneous with the interest payments every June and December on the hedged loan.

In May 2013, FGP entered into another interest rate swap agreement with RCBC to hedge its floating rate exposure on another \$20.0 million of the \$420.0 million term loan facility. Under the interest rate swap agreement, FGP pays a fixed rate of 1.28% and receives a floating rate of U.S. LIBOR, on a semi-annual basis, simultaneous with the interest payment every June and December on the hedged loan. The notional amounts of interest rate swaps are amortizing based on the repayment schedule of the hedged loan. The interest rate swaps were designated as cash flow hedges and will mature on June 10, 2020.

As of March 31, 2017 and December 31, 2016, the positive fair values of the interest rate swaps that were deferred to “Cumulative translation adjustments” account in the unaudited interim consolidated statements of financial position amounted \$0.03 million (net of related deferred

income tax effect of \$0.01 million) and \$0.7 million (net of related deferred income tax effect of \$0.3 million), respectively.

There was no ineffective portion recognized in the unaudited interim consolidated statements of income for the three-month periods ended March 31, 2017 and 2016.

The outstanding aggregate notional amount and the related cumulative mark-to-market gains and losses of the interest rate swaps designated as cash flow hedges as of March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Notional amount	\$272,865	\$272,865
Cumulative mark-to-market losses	(12,835)	(14,388)
Cumulative mark-to-market gains	976	1,021

The net movements in the fair value of the interest rate swaps of FGPC and FGP are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Fair value at beginning of period	(\$13,367)	(\$21,539)
Fair value changes taken into equity during the period	(207)	(1,097)
Fair value changes realized during the period	1,715	9,269
Fair value at end of period	(11,859)	(13,367)
Deferred income tax effect on cash flow hedges	3,558	4,010
Fair value deferred into equity	(\$8,301)	(\$9,357)

Fair value changes during the period, net of deferred income tax, are recorded in the unaudited interim consolidated statements of comprehensive income, and under the “Cumulative translation adjustments” account in the unaudited interim consolidated statements of financial position. The fair value changes realized during the period were taken into “Interest expense and financing charges” account in the unaudited interim consolidated statements of income. This pertains to the net difference between the fixed interest paid/accrued and the floating interest received/accrued on the interest rate swap agreements as at financial reporting date.

For the three-month periods ended March 31, 2017 and 2016, the fair value changes taken to the unaudited interim consolidated statements of income amounted to \$1.7 million and \$2.6 million, respectively.

Cross Currency Swaps Contracts - EDC

In 2012 and 2014, EDC entered into 6 and an additional 6 non-deliverable cross-currency swap (NDCCS) agreements with an aggregate notional amount of \$65.0 million and \$45.0 million, respectively, to partially hedge the foreign currency and interest rate risks on its Refinanced Syndicated Term Loan that is benchmarked against US LIBOR and with flexible interest reset feature that allows EDC to select what interest reset frequency to apply (i.e., monthly, quarterly, or semi-annually). As it is EDC’s intention to reprice the interest rate on the hedged loan quarterly, EDC utilizes NDCCS with quarterly interest payments and receipts.

Under the NDCCS agreements, EDC receives floating US\$ interest based on 3-month US LIBOR plus 175 basis points and pays fixed peso interest. On specified dates, EDC also receives specified U.S. dollar amounts in exchange for specified peso amounts based on the agreed swap rates.

These U.S. dollar receipts correspond with the expected interest and fixed principal amounts due on the hedged loan. Effectively, the 12 NDCCS converted 62.86% of hedged loan into a fixed rate peso loan.

Pertinent details of the NDCCS are as follows:

Notional amount (in million)	Trade Date	Effective Date	Maturity Date	Swap rate	Fixed rate	Variable rate
\$15.00	03/26/12	03/27/12	06/17/17	43.05	4.87%	3-month LIBOR + 175 bps
\$10.00	04/18/12	06/27/12	06/17/17	42.60	4.92%	- do -
\$10.00	05/03/12	06/27/12	06/17/17	42.10	4.76%	- do -
\$10.00	06/15/12	06/27/12	06/17/17	42.10	4.73%	- do -
\$10.00	07/17/12	09/27/12	06/17/17	41.25	4.58%	- do -
\$10.00	10/29/12	12/27/12	06/17/17	41.19	3.44%	- do -
\$7.50	05/14/14	06/27/14	06/17/17	43.60	3.80%	- do -
\$7.50	05/14/14	06/27/14	06/17/17	43.57	3.80%	- do -
\$7.50	06/09/14	06/27/14	06/17/17	43.55	3.60%	- do -
\$7.50	06/09/14	06/27/14	06/17/17	43.55	3.60%	- do -
\$7.50	07/10/14	9/27/14	06/17/17	43.29	3.50%	- do -
\$7.50	07/09/14	9/27/14	06/17/17	43.37	3.68%	- do -

The maturity date of the 12 NDCCS coincides with the maturity date of the hedged loan.

As of March 31, 2017 and December 31, 2016, the outstanding aggregate notional amount of EDC's NDCCS amounted to \$75.0 million. The aggregate fair value changes on these NDCCS amounting to \$0.1 million loss and \$0.3 million gain were recognized under "Cumulative translation adjustments" account in the unaudited interim consolidated statements of financial position as of March 31, 2017 and December 31, 2016, respectively.

Interest Rate Swap Contracts – EBWPC

In the last quarter of 2014, EBWPC entered into four (4) interest rate swaps (IRS) with aggregate notional amount of \$150.0 million. This is to partially hedge the interest rate risks on its ECA and Commercial Debt Facility (Foreign Facility) that is benchmarked against U.S. LIBOR and with flexible interest reset feature that allows EBWPC to select what interest reset frequency to apply. Under the IRS agreement, EBWPC will receive semi-annual interest of 6-month U.S. LIBOR and will pay fixed interest. EBWPC designated the IRS as hedging instruments in cash flow hedge against the interest rate risks arising from the Foreign Facility. In the first quarter of 2016, EBWPC entered into three (3) additional IRS with aggregate notional amount of \$30.0 million

Pertinent details of the IRS are as follows:

Notional amount (in million)	Trade Date	Effective Date	Maturity Date	Fixed rate	Variable rate
US\$62.00	10/20/14	12/15/14	10/23/29	2.635%	6-month LIBOR
40.00	10/20/14	12/15/14	10/23/29	2.635	6-month LIBOR
39.00	12/11/14	12/15/14	10/23/29	2.635	6-month LIBOR
18.00	02/12/16	06/15/16	10/23/29	1.825	6-month LIBOR
9.00	10/20/14	12/15/14	10/23/29	2.508	6-month LIBOR
6.00	02/12/16	06/15/16	10/23/29	1.825	6-month LIBOR
6.00	02/12/16	06/15/16	10/23/29	1.825	6-month LIBOR

The maturity dates of the seven (7) IRS coincide with the maturity date of the Foreign Facility.

As of March 31, 2017 and December 31, 2016, the outstanding aggregate notional amount of EBWPC's IRS amounted to \$169.0 million. The aggregate negative fair value changes on these IRS amounted to \$0.8 million and \$0.3 million as of March 31, 2017 and December 31, 2016, respectively, were recognized under “Cumulative translation adjustments” account in the unaudited interim consolidated statements of financial position.

Call Spread Swap Contracts - EDC

In March 2016, EDC entered into three (3) call spread swaps (CSS) with an aggregate notional amount of \$28.8 million. In June 2016, EDC also entered into additional two (2) CSS with a notional amount of \$9.6 million each. These derivative contracts are designed to hedge the possible foreign exchange losses of its \$80.0 million Club Loan.

The aggregate fair value changes on these call spread contracts amounted to \$0.5 million and \$1.2 million as of March 31, 2017 and December 31, 2016, respectively.

Hedge Effectiveness Results

Since the critical terms of the hedged loan and the IRS/NDCCS match, except for one to two days timing difference on the interest reset dates, the hedges were assessed to be highly effective. As such, the aggregate fair value changes on these IRS/NDCCS amounting to \$0.4 million loss as of March 31, 2017 and \$8.7 million gain as of December 31, 2016 were recognized under the “Cumulative translation adjustments” account in the unaudited interim consolidated statements of financial position. No ineffective portion was recognized in the unaudited interim consolidated statements of income for the three-month period ended March 31, 2017, and the year ended December 31, 2016.

As of March 31, 2017 and December 31, 2016, the net movements of changes made to the “Cumulative translation adjustments” account pertaining to EDC’s cash flow hedges are as follows:

	March 31, 2017 (Unaudited)	December 31, 2016 (Audited)
Balances at beginning of period	(\$503)	(\$3,948)
Fair value changes taken into equity during the period	(442)	8,726
Fair value changes realized during the period	–	(2,868)
Foreign exchange losses taken to unaudited interim consolidated statements of income	(552)	(2,413)
	(1,497)	(503)
Deferred income tax effect on cash flow hedges	63	231
Fair value deferred into equity	(\$1,434)	(\$272)

21. Other Matters

Explanatory comments about the seasonality or cyclicity of interim operations

Except for FG Hydro’s and FG Bukidnon’s sale of electricity coming from hydroelectric power/operations, seasonality or cyclicity of interim operations is not applicable to First Gen Group’s type of business because of the nature of its contracts with Meralco and NPC, which includes guaranteed volume under the applicable take-or-pay, minimum energy off-take or contracted energy provisions. BGI’s and GCGI’s sales to cooperatives and industries are also not subject to seasonality or cyclicity.

For EDC's Burgos Wind, higher revenue and operating profits are expected in the last quarter of the year based on the generation profile of Burgos. Meanwhile, EDC's Burgos Solar is expected to generate its highest revenue during the summer months.

The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

There are no assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current period.

The nature and amount of changes in estimates of amounts reported in prior interim periods of the current fiscal year or changes in estimates of amounts reported in prior financial years, if those changes have a material effect in the current interim period.

The key assumptions concerning the future and other key sources of estimation used in the preparation of the unaudited interim condensed consolidated financial statements are consistent with those followed in the preparation of First Gen Group's annual consolidated financial statements as of and for the year ended December 31, 2016.

In 2016, after the finalization of EBWPC's financing schemes, EBPWPC has determined that the currency that mainly influences its operating expenses and financing activities is the U.S. Dollar.

EBWPC balances as of January 1, 2016 were translated using the exchange rate at the date of change and the resulting translated amounts for nonmonetary items are treated as their historical cost. The change in functional currency resulted in a positive exchange difference amounting to \$3.2 million which was presented as part of the "Cumulative translation adjustments" account in the unaudited interim consolidated statement of financial position for the period ended March 31, 2016.

The impact of EBWPC's change in functional currency in the unaudited interim consolidated statement of income for the three-month period ended March 31, 2016 was a decrease in net income and in the net income attributable to equity holders of the Parent Company amounting to \$4.4 million and \$2.2 million, respectively.

The effect of changes in the composition of the issuer during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.

There are no material changes in the composition of the issuer during the interim period.

Changes in contingent liabilities or contingent assets since the last annual reporting date

There are no material changes in the contingent liabilities or contingent assets since the last annual financial reporting date.

Existence of material contingencies and any other events or transactions that are material to an understanding of the current interim period

There are no material contingencies and any other events or transactions during the period.

22. Events After Financial Reporting Date

FGPC

On April 24, 2017, FGPC signed a \$500.0 million, 7-year term loan facility with six (6) banks; namely, Bank of Commerce, BPI, BDO, PNB, Security Bank, and Sumitomo Mitsui Banking Corporation Singapore Branch. The proceeds of the loan will be used to repay the amounts due on FGPC's existing debt and to pay down a portion of the Parent Company's existing loans, as well as pre-fund its upcoming maturities.

EDC

On April 5, 2017, EDC executed a fixed 15-year amortizing loan with Union Bank for a total amount of up to ₱3.5 billion. The facility will be used to refinance its existing loans.

On April 26, 2017, EDC executed another 15-year and 10-year fixed rate amortizing loan with Security Bank for a total amount of up to ₱5.0 billion. The facility will be used to refinance existing and maturing loans of EDC and for general corporate purposes.