

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 **June 30, 2015**
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
3rd Floor Benpres Building, Exchange Road cor. Meralco Ave., Pasig City
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 **N/A**
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 June 30, 2015)
Common Stock	3,609,818,857 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 ☐

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 June 30, 2015 (with comparative audited figures as of December 31, 2014) and for the six-month periods ended June 30, 2015 and 2014.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Brief Description of the General Nature and Scope of the Business of the Registrant and its Subsidiaries

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) FG Bukidnon Power Corporation (FG Bukidnon), which operates the 1.6 MW FG Bukidnon mini-hydroelectric power plant;
- (iv) Energy Development Corporation, with an aggregate installed capacity of approximately 1,323 MW of geothermal, wind and solar power; and,
- (v) 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 Terracotta Holdings Corporation (Prime Terracotta) and Red Vulcan Holdings Corporation (Red Vulcan), and a 40.0% economic interest in FG Hydro. As of June 30, 2015, 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 10.55% economic interest in EDC.

The following discussion focuses on the results of operations of First Gen and its power generating companies. As of June 30, 2015, 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 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.
- 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.
- 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 First NatGas Power Corporation (FNPC) (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. The net consideration paid by Blue Vulcan for the 40.0% equity interest amounted to \$360.0 million.
- 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 Securities and Exchange Commission of the Philippines (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. 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, which then consisted of 6.0 billion common shares and 7.5 billion preferred shares. 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 June 30, 2015, 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 offtakers. Likewise, EDC owns the 150 MW Burgos Wind Power Plant (Burgos Wind) and the 4.16 MW Burgos Solar Project (Burgos Solar) both situated in Burgos, Ilocos Norte, which achieved commercial operations in November 2014 and March 2015, respectively.

Prime Terracota is the effective 60.0% voting and 40.0% economic owner of EDC through its subsidiary Red Vulcan. With the issuance of Class "B" voting preferred shares by Prime Terracota to the Employees' Retirement Plan of Lopez Inc. (Lopez Inc. Retirement Fund or LIRF) and Quialex Realty Corporation (QRC) on May 12, 2009, First Gen's voting interest in Prime Terracota was reduced to 45.0%, with the balance taken up by LIRF (40.0%) and QRC (15.0%). This transaction triggered the deconsolidation of the Prime Terracota Group in First Gen's consolidated financial statements effective from May 2009 until December 2012. However, the adoption of Philippine Financial Reporting Standards (PFRS) 10 effective January 1, 2013 has required management to reassess the control over Prime Terracota based on the new definition of control and the explicit guidance in PFRS 10. The reassessment has caused the retrospective consolidation of Prime Terracota Group to First Gen effective January 1, 2013.

On May 20, 2014, First Gen purchased the 31.0 million Class "B" voting preferred shares owned by LIRF in Prime Terracota. As a result of this transaction, First Gen's voting interest in Prime Terracota increased from 45.0% to 73.4% and First Gen's effective voting interest in EDC likewise increased from 33.6% to 50.7%. On June 18, 2015, the Company purchased the remaining (i) 13.0 million Class "B" voting preferred shares owned by LIRF; and (ii) 16.0 million Class "B" voting preferred shares owned by QRC. This effectively increased the Company's voting stake in Prime Terracota from 73.4% to 100.0%, which effectively raised the Company's voting interest in EDC to 67.0% as of June 30, 2015.

- 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 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 interest in FG Hydro was 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.

- AlliedGen Power Corp. (AGPC) was incorporated and registered with the SEC on February 14, 2005. AGPC wholly-owns FNPC, the project company of the 414 MW San Gabriel combined-cycle natural gas-fired power plant (San Gabriel), which is being constructed adjacent to the existing natural gas-fired power plants in Batangas City. AGPC is a wholly-owned subsidiary of First Gen.
- 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 will be the operating company of the 97 MW Avion open-cycle natural gas-fired power plant (Avion) that is likewise being constructed in Batangas City.
- 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, supplies, delivers, purchases and sells electricity. In addition, it provides value-added services relevant to its core business. FGES holds a Retail Electricity Supplier (RES) and a Wholesale Aggregator license effective for a period of five years. With the commencement of the Retail Competition and Open Access in June 2013, FGES' RES business started its commercial operations and has a total contracted energy of 8 MW from two contestable customers.

A. FINANCIAL RESULTS FOR THE PERIODS ENDED JUNE 30, 2015 AND 2014

Unaudited Consolidated Statements of Income (Amounts in USD thousands)	For the six-month periods ended June 30	
	2015	2014
Revenues	\$965,246	\$935,470
Income from before income tax	\$183,852	\$206,003
Net income attributable to Equity Holders of the Parent Company	\$95,270	\$102,589

Consolidated Statements of Financial Position (Amounts in USD thousands)	As of the periods ended	
	June 30, 2015 (Unaudited)	Dec. 31, 2014 (Audited)
ASSETS		
Total Current Assets	\$1,422,420	\$1,219,225
Property, plant and equipment – net	2,715,643	2,523,991
Goodwill and Intangible assets	1,190,455	1,207,514
Deferred income tax assets – net	26,431	27,874
Other noncurrent assets	315,002	308,671
Total Assets	\$5,669,951	\$5,287,275
LIABILITIES AND EQUITY		
Total Current Liabilities	\$695,481	\$728,699
Long-term debts – net of current portion	2,684,058	2,512,769
Derivative liabilities – net of current portion	28,846	32,926
Retirement and other post-employment benefits	43,785	40,409
Deferred income tax liabilities – net	20,642	20,381
Other noncurrent liabilities	42,490	39,485
Total Liabilities	3,515,302	3,374,669
Equity Attributable to Equity Holders of the Parent Company	1,724,646	1,498,081
Non-controlling Interests	430,003	414,525
Total Equity	2,154,649	1,912,606
Total Liabilities and Equity	\$5,669,951	\$5,287,275

RESULTS OF OPERATIONS

For the periods ended June 30, 2015 vs. June 30, 2014 results

CONSOLIDATED STATEMENTS OF INCOME

Revenues

Revenues for the first half of 2015 increased by \$29.8 million, or 3.2%, to \$965.3 million compared to \$935.5 million for the same period in 2014. The increase was mainly due to the higher revenue contribution of EDC and its subsidiaries, and of FGPC. EDC's consolidated revenues increased by \$34.9 million, or 10.3%, mainly due to the increase in revenue contributions from the Burgos Project, Nasulo Geothermal Project (Nasulo) and Bac-Man Geothermal Inc. (BacMan), following their commercial operations. EDC's increase in revenues was partially offset by a \$1.7 million, or 6.0%, decrease in FG Hydro's revenues due to lower average spot market prices and lower electricity generation in 2015 as compared to the previous year as a result of the significantly lower water reservoir levels and lower Irrigation Diversion Requirement (IDR).

FGPC's revenue contribution increased by \$18.1 million, or 4.8%, for the first six months of 2015, primarily due to higher fuel revenues as a result of the consumption of liquid fuel with the scheduled 30-day Malampaya outage that started on March 15, 2015. This was supplemented by FGPC's higher dispatch in 2015 (81.2% in 1H 2015 compared to 64.8% in 1H 2014) following the return of Santa Rita's Unit 40 in July 2014 after its temporary shutdown last February 2014 (the "Unit 40 Incident"). These increases were partially offset by FGPC's lower average gas prices in 2015 (\$9.9/MMBtu in 1H 2015 from \$12.5/MMBtu in 1H 2014).

The higher revenues were partially offset by the lower contribution of FGP, which decreased by \$23.4 million, or 10.6%, to \$196.8 million in 2015 compared to \$220.1 million for the same period in 2014 mainly due to lower fuel revenues that resulted from a decrease in average gas prices (\$9.9/MMBtu in 1H 2015 as compared to \$12.8/MMBtu in 1H 2014). FGP did, however, have slightly higher plant dispatch (76.8% in 1H 2015 compared to 76.0% in 1H 2014) for the first semester of 2015.

Net Income

First Gen's consolidated net income decreased by \$25.6 million, or 15.1%, to \$143.8 million for the first half of 2015 from \$169.4 million during the same period in 2014. The decrease in net income was mainly due to the movements in the contributions of the following subsidiaries:

- lower net income contribution of EDC and its subsidiaries by \$35.4 million, or 25.4%, primarily due to higher cost of sales, higher interest expenses, which primarily resulted from the \$315.0 million Debt Facility secured for the Burgos Wind project in October 2014, unrealized foreign exchange losses, and higher staff costs and professional fees in 2015. The lower net income contribution was likewise due to a decrease in FG Hydro's net income contribution as a result of higher provision for income tax following its income tax holiday (ITH) expiry in April 2014, lower average spot market prices and lower electricity generation in 2015. These were partially offset by the increase in revenue contributions from the Burgos Project, Nasulo and BacMan following their commercial operations; and,
- higher Parent Company expenses by \$1.5 million, or 7.2%, in 2015 primarily due to higher staff costs and lower unrealized foreign exchange gains in 2015.

The above items were partially offset by an increase in FGP's net income contribution by \$4.5 million, mainly due to its final receipt of insurance claims amounting to \$8.5 million, FGPC's higher contribution by \$2.4 million due to lower interest expense, and \$4.3 million in lower expenses of First Gen's various business development group (BDG) activities.

Net Income Attributable to Equity Holders of the Parent Company

The net income attributable to the Parent Company decreased by \$7.3 million, or 7.1%, to \$95.3 million for the first half of 2015, compared to \$102.6 million that was recognized during the same period in 2014. The decrease in attributable net income was mainly due to the movements in the contributions of the following subsidiaries:

- lower net income contribution of EDC and its subsidiaries by \$18.2 million, or 24.9%, primarily due to higher cost of sales, higher interest expenses, which primarily resulted from the \$315.0 million Debt Facility secured for the Burgos Wind project in October 2014, unrealized foreign exchange losses, and higher staff costs and professional fees in 2015. The lower net income contribution was likewise due to a decrease in FG Hydro's net income contribution as a result of higher provision for income tax following its ITH expiry effective April 2014, lower average spot market prices and lower electricity generation in 2015. These were partially offset by the increase in revenue contributions from the Burgos Project, Nasulo and BacMan following their commercial operations; and,
- higher Parent Company expenses by \$1.5 million, or 7.2%, in 2015 primarily due to higher staff costs and lower unrealized foreign exchange gains in 2015.

The above items were partially offset by an increase in FGP's net income contribution by \$4.5 million, mainly due to its final receipt of insurance claims amounting to \$8.5 million, FGPC's higher contribution by \$2.4 million due to lower interest expense, and \$5.4 million in lower expenses of First Gen's various BDG activities.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

Major movements in the consolidated statements of financial position of the First Gen Group resulted in a net increase to the Group's total consolidated assets by \$382.7 million, or 7.2%, to \$5,670.0 million as of June 30, 2015 from \$5,287.3 million as of December 31, 2014. The increase was a result of the following movements in major accounts:

- Property, plant and equipment increased by \$191.7 million, or 7.6%, primarily due to the construction of First Gen's Avion and San Gabriel power plants, and EDC's drilling activities in Palinpinon and Unified Leyte Geothermal Energy Inc. (Unified Leyte). The increase was partially offset by the depreciation of the existing property, plant and equipment.
- Cash and cash equivalents increased by \$190.2 million, or 28.2%, mainly due to the proceeds of Green Core Geothermal Inc.'s (GCGI) ₱8.5 billion project finance loan secured on March 18, 2015, FNPC's \$94.5 million additional drawdown from its KfW IPEX-Bank of Germany (KfW) loan, and the Company's private placement of its common shares in January 2015. This increase was further supplemented by cash generated from operations, but partially offset by additions to property, plant and equipment for various growth projects.
- Other current assets increased by \$70.2 million, or 117.7%, mainly due to EDC's \$34.1 million incremental funding of its debt service reserve accounts and higher financial assets at fair value through profit or loss (FVPL) due to its additional investments for the period. This was likewise supplemented by a \$34.4 million increase in the First Gas Group's other current assets primarily due to FNPC's and PMPC's higher input value-added tax (VAT) as a result of its purchases related to the construction of the San Gabriel and Avion power plants.
- Other noncurrent assets increased by \$6.3 million, or 2.1%, primarily due to the capitalization of FGPC's and FGP's operations and maintenance (O&M) charges during the period to cover the estimated cost of turbine blades and vanes that are expected to be replaced in the next scheduled major maintenance outage. The account was partially offset by lower deferred debt issuance costs (DIC) as a result of the partial drawdowns of FNPC's KfW loan.

The above increases in the total consolidated assets of First Gen Group were partially offset by the following movements:

- Receivables decreased by \$46.3 million, or 12.0%, mainly as a result of lower trade receivables of FGPC and FGP from Meralco, and lower trade receivables of EDC from NPC as the balance for the first half of 2015 only includes the June 2015 billing period, while the balance as of December 31, 2014 includes the November and December 2014 billing periods.
- Inventories decreased by \$10.9 million, or 11.1%, mainly due to the consumption of liquid fuel by FGPC and FGP as a result of the 30-day scheduled Malampaya outage, which started on March 15, 2015, and

the various gas curtailments experienced during the period, partially offset by the liquid fuel importation during the period.

- Deferred income tax assets decreased by \$1.4 million, or 5.2%, primarily due to a reduction in EDC's deferred income tax assets, which were previously recognized for the written-off assets damaged by Typhoon Yolanda.

LIABILITIES AND EQUITY

Total liabilities increased by \$140.6 million, or 4.2%, to \$3,515.3 million as of June 30, 2015 from \$3,374.7 million as of December 31, 2014 due to the following movements in major accounts:

- Accounts payable and accrued expenses increased by \$83.4 million, or 22.7%, primarily due to the higher payables to liquid fuel suppliers of FGPC and FGP for the liquid fuel delivered to the gas plants for the 30-day scheduled Malampaya outage from March to April 2015, higher payables to Meralco for the liquid fuel importation of the gas plants and the higher trade payables of EDC for the period. The increase was partially offset by the lower payables to SPEX due to the aforementioned 30-day scheduled outage and lower average gas prices during the period.
- Total long-term debt increased by \$27.2 million, or 1.0%, mainly due to GCGI's ₱8.5 billion project finance loan secured on March 18, 2015, and FNPC's \$94.5 million additional drawdown during the first half of 2015.
- Loans payable increased by \$26.5 million from nil in December 2014 following a loan availed by FGP for the payment of its liquid fuel importation last February 2015.
- Retirement and other post-retirement benefit liabilities increased by \$3.4 million, or 8.4%, primarily due to the retirement expense that EDC recognized during the period.
- Other noncurrent liabilities increased by \$3.0 million, or 7.6%, mainly due to the accretion expenses for the asset retirement obligation (ARO) of EDC and the First Gas plants.
- Income tax payable increased by \$1.8 million, or 19.9%, primarily due to higher taxes payable of FGPC as a result of its higher taxable income, the expiry of FG Hydro's ITH in April 2014, and FGP's higher taxes payable as a result of its non-recurring gain of \$8.5 million from the insurance claims it booked in 2015.

The above increases in the total liabilities of the First Gen Group were partially offset by a decrease in derivative liabilities by \$4.4 million as a result of favorable movements in First Gen Group's derivative instruments.

Total equity increased by \$242.0 million, or 12.7%, to \$2,154.6 million as of June 30, 2015 compared to \$1,912.6 million as of December 31, 2014. The increase was primarily due to the higher additional paid-in capital as a result of the premium on the additional common shares offered through the private placement last January 21, 2015, the lower cost of common stock held in treasury, and the higher retained earnings in 2015 due to the attributable earnings of the Company during the first half of 2015, net of dividends declared to preferred shareholders. The increase was partially offset by a decrease in cumulative translation adjustments, primarily due to unfavorable movements in foreign exchange rates.

FIRST GEN MATERIAL CHANGES IN FINANCIAL CONDITION (June 30, 2015 vs. 2014)

CONSOLIDATED STATEMENTS OF INCOME

Horizontal and Vertical Analyses of Material Changes for the six-month periods ended June 30, 2015 vs. 2014

			HORIZONTAL ANALYSIS		VERTICAL ANALYSIS	
	Jun-15	Jun-14	2015 vs. 2014	2015 vs. 2014	Jun-15	Jun-14
Revenues from sale of electricity	\$965,246	\$935,470	\$29,776	3.2%	100.0%	100.0%
TOTAL REVENUES	965,246	935,470	29,776	3.2%	100.0%	100.0%
OPERATING EXPENSES						
Costs of sale of electricity	(602,614)	(576,122)	(26,492)	4.6%	-62.4%	-61.6%
General and administrative expenses	(108,494)	(97,786)	(10,708)	11.0%	-11.2%	-10.5%
Sub-total	(711,108)	(673,908)	(37,200)	5.5%	-73.7%	-72.0%
FINANCIAL INCOME (EXPENSE)						
Interest income	4,953	3,261	1,692	51.9%	0.5%	0.3%
Interest expense and financing charges	(92,435)	(82,667)	(9,768)	11.8%	-9.6%	-8.8%
Sub-total	(87,482)	(79,406)	(8,076)	10.2%	-9.1%	-8.5%
OTHER INCOME (CHARGES)						
Foreign exchange gains (losses) – net	(5,585)	9,278	(14,863)	-160.2%	-0.6%	1.0%
Proceeds from insurance claims of EDC and FGPC	25,401	8,916	16,485	184.9%	2.6%	1.0%
Mark-to-market (MTM) gain on financial assets at fair value through profit of loss (FVPL)	9	-	9	100.0%	0.0%	0.0%
MTM gain on derivatives – net	-	195	(195)	-100.0%	0.0%	0.0%
Others – net	(2,629)	5,458	(8,087)	-148.2%	-0.3%	0.6%
Sub-total	17,196	23,847	(6,651)	-27.9%	1.8%	2.5%
INCOME BEFORE INCOME TAX	183,852	206,003	(22,151)	-10.8%	19.0%	22.0%
Provision for (benefit from) Income Tax						
Current	39,284	37,706	1,578	4.2%	4.1%	4.0%
Deferred	762	(1,144)	1,906	166.6%	0.1%	-0.1%
	40,046	36,562	3,484	9.5%	4.1%	3.9%
NET INCOME	\$143,806	\$169,441	(\$25,635)	-15.1%	14.9%	18.1%
Net income attributable to:						
Equity holders of the Parent Company	\$95,270	\$102,589	(\$7,319)	-7.1%	9.9%	11.0%
Non-controlling Interests	\$48,536	\$66,852	(\$18,316)	-27.4%	5.0%	7.1%

Revenues

Revenues for the first half of 2015 increased by \$29.8 million, or 3.2%, to \$965.3 million compared to \$935.5 million for the same period in 2014. The increase was mainly due to the higher revenue contribution of EDC and its subsidiaries, and of FGPC. EDC's consolidated revenues increased by \$34.9 million, or 10.3%, mainly due to the increase in revenue contributions from the Burgos Project, Nasulo and BacMan, following their commercial operations. EDC's increase in revenues was partially offset by a \$1.7 million, or 6.0%, decrease in FG Hydro's revenues due to lower average spot market prices and lower electricity generation in 2015 as compared to the previous year as a result of the significantly lower water reservoir levels and lower IDR.

FGPC's revenue contribution increased by \$18.1 million, or 4.8%, for the first six months of 2015, primarily due to higher fuel revenues as a result of the consumption of liquid fuel with the scheduled 30-day Malampaya outage that started on March 15, 2015. This was supplemented by FGPC's higher dispatch in 2015 (81.2% in 1H 2015 compared to 64.8% in 1H 2014) following the return of Santa Rita's Unit 40 in July

2014 after the Unit 40 Incident. These increases were partially offset by FGPC's lower average gas prices in 2015 (\$9.9/MMBtu in 1H 2015 from \$12.5/MMBtu in 1H 2014).

The higher revenues were partially offset by the lower contribution of FGP, which decreased by \$23.4 million, or 10.6%, to \$196.8 million in 2015 compared to \$220.1 million for the same period in 2014 mainly due to lower fuel revenues that resulted from a decrease in average gas prices (\$9.9/MMBtu in 1H 2015 as compared to \$12.8/MMBtu in 1H 2014). FGP did, however, have slightly higher plant dispatch (76.8% in 1H 2015 compared to 76.0% in 1H 2014) for the first semester of 2015.

Costs of sale of electricity

The costs of sale of electricity for the period ended June 30, 2015 increased by \$26.5 million, or 4.6%, to \$602.6 million in 2015 as compared to \$576.1 million for the same period in 2014. The increase was due to the movements in major expense items as explained in detail below:

Operations and Maintenance (O&M)

O&M expense increased by \$20.1 million, or 29.0%, in the first half of 2015. This was primarily due to higher O&M expenses of EDC as a result of its higher purchased services and utilities for its Burgos, BacMan and Leyte operations, and its higher plant repairs and maintenance costs mainly incurred by EDC's Leyte field facility.

Depreciation and Amortization

Depreciation and amortization for the first half of 2015 increased by \$15.3 million, or 21.1%, mainly due to the higher depreciation of EDC and its subsidiaries following the commercial operations of BacMan, Nasulo and Burgos.

Other Costs of Sale

For the period ended June 30, 2015, other costs of sale increased by \$3.2 million, or 19.8%, primarily due to the higher rental, insurance, taxes and royalty fees of EDC.

Fuel cost

The increase in costs of sale of electricity for the first half of 2015 was partially offset by a decrease in fuel costs by \$12.1 million, or 2.9%, to \$406.0 million in the first half of 2015 compared to \$418.2 million in 2014, mainly due to a decrease in average gas prices (\$9.9/MMBtu in 1H 2015 as compared to \$12.6/MMBtu in 1H 2014). This was partially offset by the higher dispatch of Santa Rita in 2015 (81.2% in 1H 2015 compared to 64.8% in 1H 2014), following the return of its Unit 40 in July 2014, and the slightly higher plant dispatch of San Lorenzo (76.8% in 1H 2015 compared to 76.0% in 1H 2014). Moreover, higher consumption of liquid fuel in this period due to the scheduled 30-day Malampaya outage in March 2015 likewise increased fuel costs.

General and Administrative (G&A) Expenses

G&A expenses increased by \$10.7 million, or 11.0%, to \$108.5 million for the first half of 2015, compared to \$97.8 million during the same period in 2014. This was primarily a result of a \$9.9 million increase in staff costs of EDC, FGPC and the Parent Company in 2015. The increase was likewise due to a \$3.0 million increase in professional fees from EDC's higher purchased professional and technical services for its Leyte and Palinpinon administrative activities. These increases were partially offset by a \$4.2 million decrease in taxes, licenses and insurance expenses booked in 2015, mainly due to the absence of EDC's deficiency taxes it paid in 2014.

Interest income

Interest income increased by \$1.7 million, or 51.9%, to \$5.0 million for the first half of 2015 from \$3.3 million in the same period of 2014 primarily due to the higher interest income of EDC. The geothermal company booked higher interest income on its investments and short-term placements due to higher weighted average interest rates and higher cash levels in the first half of 2015 compared to the same period in 2014.

Interest expense and financing charges

Interest expense and financing charges increased by \$9.8 million, or 11.8%, to \$92.5 million in the first six months of 2015 from \$82.7 million in the same period in 2014. The higher interest expense resulted from the

\$315.0 million Debt Facility secured for the Burgos Wind project in October 2014. The increase in interest expense was partially offset by the scheduled principal payments on the existing loans.

Foreign exchange gains (losses) – net

For the first half of 2015, First Gen recognized unrealized foreign exchange losses of \$5.6 million, a reversal from the \$9.3 million unrealized foreign exchange gains booked in the same period in 2014. This was primarily due to the reversal of EDC's and FGP's foreign exchange gains booked in 2014 as a result of the depreciation of the Philippine Peso against the U.S. dollar in 2015 (₱45.090:\$1.00 as of June 30, 2015 from ₱44.72:\$1.00 as of end-2014) compared to the appreciation of the Philippine Peso in 2014 (₱43.650:\$1.00 as of June 30, 2014 from ₱44.395:\$1.00 as of end-2013).

Mark-to-market (MTM) gain (loss) on derivatives – net / MTM gain on financial assets at FVPL

In the first half of 2015, MTM gain on derivatives and MTM gain on financial assets at FVPL amounted to \$0.01 million, which pertains to the unrealized and realized derivative gains arising from EDC's foreign currency forward contracts that it entered with various banks, and its fund investment with a bank.

Others

Other income increased by \$8.4 million, or 58.4%, to \$22.8 million in the first half of 2015 from \$14.4 million in the same period of 2014 primarily due to the receipt of insurance claims of EDC and FGP in 2015 amounting to \$16.9 million and \$8.5 million, respectively. The increase was partially offset by the absence of EDC's \$5.3 million gain on the sale of its Rig 16 that was recognized in the first half of 2014.

EDC booked partial insurance claims relating to damages sustained by the Leyte power plants caused by Typhoon Yolanda, the Palipinon plant from Typhoon Sendong and by the BacMan plant from Typhoon Glenda, while FGP booked its final receipt of insurance claims relating to the fire incident that caused severe damage in San Lorenzo's Unit 60 main transformer.

Provision for Income Tax

The provision for income tax increased by \$3.5 million, or 9.5%, to \$40.1 million in the first half of 2015 from \$36.6 million in 2014. This was mainly due to FGPC's higher taxable income, the expiry of FG Hydro's ITH in April 2014 resulting in a \$2.6 million increase in income taxes for the hydro subsidiary, and FGP's higher taxable income due to the \$8.5 million in insurance claims it booked in 2015. The increase in provision for income tax was partially offset by EDC's lower taxable income in 2015.

Net Income

First Gen's consolidated net income decreased by \$25.6 million, or 15.1%, to \$143.8 million for the first half of 2015 from \$169.4 million during the same period in 2014. The decrease in net income was mainly due to the movements in the contributions of the following subsidiaries:

- lower net income contribution of EDC and its subsidiaries by \$35.4 million, or 25.4%, primarily due to higher cost of sales, higher interest expenses, which primarily resulted from the \$315.0 million Debt Facility secured for the Burgos Wind project in October 2014, unrealized foreign exchange losses, and higher staff costs and professional fees in 2015. The lower net income contribution was likewise due to a decrease in FG Hydro's net income contribution as a result of higher provision for income tax following its ITH expiry in April 2014, lower average spot market prices and lower electricity generation in 2015. These were partially offset by the increase in revenue contributions from the Burgos Project, Nasulo and BacMan following their commercial operations; and,
- higher Parent Company expenses by \$1.5 million, or 7.2%, in 2015 primarily due to higher staff costs and lower unrealized foreign exchange gains in 2015.

The above items were partially offset by an increase in FGP's net income contribution by \$4.5 million, mainly due to its final receipt of insurance claims amounting to \$8.5 million, FGPC's higher contribution by \$2.4 million due to lower interest expenses, and \$4.3 million in lower expenses of First Gen's various BDG activities.

Net Income Attributable to Equity Holders of the Parent Company

The net income attributable to the Parent Company decreased by \$7.3 million, or 7.1%, to \$95.3 million for the first half of 2015, compared to \$102.6 million that was recognized during the same period in 2014. The decrease in attributable net income was mainly due to the movements in the contributions of the following subsidiaries:

- lower net income contribution of EDC and its subsidiaries by \$18.2 million, or 24.9%, primarily due to higher cost of sales, higher interest expenses, which primarily resulted from the \$315.0 million Debt Facility secured for the Burgos Wind project in October 2014, unrealized foreign exchange losses, and higher staff costs and professional fees in 2015. The lower net income contribution was likewise due to a decrease in FG Hydro's net income contribution as a result of higher provision for income tax following its ITH expiry in April 2014, lower average spot market prices and lower electricity generation in 2015. These were partially offset by the increase in revenue contributions from the Burgos Project, Nasulo and BacMan following their commercial operations; and,
- higher Parent Company expenses by \$1.5 million, or 7.2%, in 2015 primarily due to higher staff costs and lower unrealized foreign exchange gains in 2015.

The above items were partially offset by an increase in FGP's net income contribution by \$4.5 million, mainly due to its final receipt of insurance claims amounting to \$8.5 million, FGPC's higher contribution by \$2.4 million due to lower interest expense, and \$5.4 million in lower expenses of First Gen's various BDG activities.

Adjusting for non-recurring items such as proceeds from insurance and input VAT claims, FG Hydro's revenue adjustment in 2014, one-time gains and losses, movements in deferred income taxes, unrealized foreign exchange differences and MTM gains on derivative transactions, First Gen's recurring net income attributable to the Parent Company was \$83.9 million for the first half of 2015. This was \$6.6 million, or 7.3%, lower than the recurring net income of \$90.4 million during the same period in 2014. The decrease was mainly due to the lower recurring net income contribution of EDC and its subsidiaries, and higher Parent expenses in the first half of 2015. The decrease in recurring net income was partially offset by the higher recurring net income contributions of FGPC, FGES, and FGP.

Amount in USD thousands	1H 2015	1H 2014 (As adjusted)
Net income attributable to the Parent Company	\$95,270	\$102,589
Adjustment of non-recurring items attributable to the Parent Company:		
Insurance proceeds – FGP	(6,986)	(2,460)
Insurance proceeds – EDC	(8,510)	(2,957)
EDC's input VAT claims written off	620	-
EDC's gain on sale of Rigs and some inventory items	(5)	(2,630)
FG Hydro revenue adjustment due to re-computation of spot prices for Nov. and Dec. 2013 billings	-	3,921
Movement in deferred income tax of FGPC, FGP, FGES and Blue Vulcan	137	(3,773)
Movement in deferred income tax of EDC	317	882
Unrealized foreign exchange losses (gains) of FGPC, FGP, FGES and Parent	325	(789)
Unrealized foreign exchange losses (gains) of EDC, FG Hydro and Red Vulcan	2,688	(4,270)
MTM gains on derivatives and MTM gains on financial assets at FVPL of EDC	(5)	(97)
Recurring Net Income attributable to Parent Company	\$83,851	\$90,416

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Horizontal and Vertical Analyses of Material Changes as of June 30, 2015 and December 31, 2014

	Jun-15	Dec-14	HORIZONTAL ANALYSIS		VERTICAL ANALYSIS	
(Amounts in US\$ and in Thousands)	(Unaudited)	(Audited)	2015 vs. 2014	2015 vs. 2014	(Unaudited)	(Audited)
ASSETS						
Current Assets						
Cash and cash equivalents	\$864,059	\$673,893	\$190,166	28.2%	15.2%	12.7%
Receivables	340,690	386,985	(46,295)	-12.0%	6.0%	7.3%
Inventories	87,768	98,675	(10,907)	-11.1%	1.5%	1.9%
Other current assets	129,903	59,672	70,231	117.7%	2.3%	1.1%
Total Current Assets	1,422,420	1,219,225	203,195	16.7%	25.1%	23.1%
Noncurrent Assets						
Property, plant and equipment – net	2,715,643	2,523,991	191,652	7.6%	47.9%	47.7%
Goodwill and Intangible assets	1,190,455	1,207,514	(17,059)	-1.4%	21.0%	22.8%
Deferred income tax assets – net	26,431	27,874	(1,443)	-5.2%	0.5%	0.5%
Other noncurrent assets	315,002	308,671	6,331	2.1%	5.6%	5.8%
Total Noncurrent Assets	4,247,531	4,068,050	179,481	4.4%	74.9%	76.9%
TOTAL ASSETS	\$5,669,951	\$5,287,275	\$382,676	7.2%	100.0%	100.0%
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and accrued expenses	\$450,357	\$366,909	\$83,448	22.7%	7.9%	6.9%
Income tax payable	10,673	8,898	1,775	19.9%	0.2%	0.2%
Dividends payable	19,550	20,056	(506)	-2.5%	0.3%	0.4%
Loans payable	26,496	-	26,496	100.0%	0.5%	0.0%
Due to related parties	145	146	(1)	-0.7%	0.0%	0.0%
Current portion of:						
Long-term debts	188,204	332,269	(144,065)	-43.4%	3.3%	6.3%
Derivative liabilities	56	421	(365)	-86.7%	0.0%	0.0%
Total Current Liabilities	695,481	728,699	(33,218)	-4.6%	12.3%	13.8%
Noncurrent Liabilities						
Long-term debts – net of current portion	2,684,058	2,512,769	171,289	6.8%	47.3%	47.5%
Retirement and other post-employment benefits	43,785	40,409	3,376	8.4%	0.8%	0.8%
Derivative liabilities – net of current portion	28,846	32,926	(4,080)	-12.4%	0.5%	0.6%
Deferred income tax liabilities – net	20,642	20,381	261	1.3%	0.4%	0.4%
Other noncurrent liabilities	42,490	39,485	3,005	7.6%	0.7%	0.7%
Total Noncurrent Liabilities	2,819,821	2,645,970	173,851	6.6%	49.7%	50.0%
Total Liabilities	3,515,302	3,374,669	140,633	4.2%	62.0%	63.8%
Equity Attributable to Equity Holders of the Parent Company						
Redeemable preferred stock	69,345	69,345	-	0.0%	1.2%	1.3%
Common stock	75,123	74,728	395	0.5%	1.3%	1.4%
Additional paid-in capital	1,165,366	1,052,282	113,084	10.7%	20.6%	19.9%
Accumulated unrealized gain on Available-for-sale (AFS) financial assets	386	354	32	9.0%	0.0%	0.0%
Cumulative translation adjustments	(1,520)	8,283	(9,803)	-118.4%	0.0%	0.2%
Equity reserve	(378,289)	(372,439)	(5,850)	1.6%	-6.7%	-7.0%
Retained earnings	813,245	737,525	75,720	10.3%	14.3%	13.9%
Cost of common stock held in treasury	(19,010)	(71,997)	52,987	-73.6%	-0.3%	-1.4%
Sub-total	1,724,646	1,498,081	226,565	15.1%	30.4%	28.3%
Non-controlling Interests	430,003	414,525	15,478	3.7%	7.6%	7.8%
Total Equity	2,154,649	1,912,606	242,043	12.7%	38.0%	36.2%
TOTAL LIABILITIES AND EQUITY	\$5,669,951	\$5,287,275	\$382,676	7.2%	100.0%	100.0%

Cash and cash equivalents

Cash and cash equivalents increased by \$190.2 million, or 28.2%, to \$864.1 million as of June 30, 2015 mainly due to the proceeds of GCGI's ₱8.5 billion project finance loan secured on March 18, 2015, FNPC's \$94.5 million additional drawdown from its KfW loan, and the Company's private placement of its common shares in January 2015. This increase was further supplemented by cash generated from operations, but partially offset by additions to property, plant and equipment for various growth projects.

Receivables

Receivables decreased by \$46.3 million, or 12.0%, to \$340.7 million as of June 30, 2015 from \$387.0 million as of December 31, 2014. This was mainly due to lower trade receivables of FGPC and FGP from Meralco and EDC's lower trade receivables from NPC as the balance for the first half of 2015 only includes the June 2015 billing period, while the balance as of December 31, 2014 includes the November and December 2014 billing periods.

Inventories

Ending inventory as of June 30, 2015 stood at \$87.8 million, which was lower by \$10.9 million, or 11.1%, compared to the balance at the beginning of the year of \$98.7 million. This was primarily due to the consumption of liquid fuel by FGPC and FGP as a result of the 30-day scheduled Malampaya outage, which started on March 15, 2015, and the various gas curtailments experienced during the period, though partially offset by the liquid fuel importation during the period.

Other current assets

Other current assets increased by \$70.2 million, or 117.7%, to \$129.9 million as of June 30, 2015 from \$59.7 million as of December 31, 2014. This was mainly due to EDC's \$34.1 million incremental funding of its debt service reserve accounts and higher financial assets at FVPL due to its additional investments for the period. This was likewise supplemented by a \$34.4 million increase in the First Gas Group's other current assets primarily due to FNPC's and PMPC's higher input VAT as a result of its purchases related to the construction of the San Gabriel and Avion power plants.

Property, plant, and equipment

As of June 30, 2015, property plant and equipment stood at \$2,715.6 million. This was \$191.7 million, or 7.6%, higher than the balance at the beginning of the year. The increase was primarily due to the construction of First Gen's Avion and San Gabriel power plants, and EDC's drilling activities in Palinpinon and Unified Leyte. The increase was partially offset by the depreciation of the existing property, plant and equipment.

Deferred income tax assets

Deferred income tax assets decreased by \$1.4 million, or 5.2%, to \$26.4 million as of June 30, 2015 compared to \$27.8 million at the beginning of the year. This was primarily due to a reduction in EDC's deferred income tax assets, which were previously recognized for the written-off assets damaged by Typhoon Yolanda.

Other noncurrent assets

This account increased by \$6.3 million, or 2.1%, to \$315.0 million as of June 30, 2015 compared to \$308.7 million at the beginning of the year. This was primarily due to the capitalization of FGPC's and FGP's O&M charges during the period to cover the estimated cost of turbine blades and vanes that are expected to be replaced in the next scheduled major maintenance outage. The account was partially offset by lower deferred DICs as a result of the partial drawdowns of FNPC's KfW loan.

Accounts payable and accrued expenses

Accounts payable and accrued expenses increased by \$83.4 million, or 22.7%, to \$450.4 million as of June 30, 2015 primarily due to higher payables to liquid fuel suppliers of FGPC and FGP for the liquid fuel purchased by the gas plants for the 30-day scheduled Malampaya outage from March to April 2015, higher payables to Meralco for the liquid fuel importation of the gas plants and the higher trade payables of EDC for the period. The increase was partially offset by the lower payables to SPEX due to the aforementioned 30-day scheduled outage and lower average gas prices during the period.

Income tax payable

As of June 30, 2015, income tax payable stood at \$10.7 million. The \$1.8 million increase, compared to the amount payable at the beginning of the year, was primarily due to higher taxes payable of FGPC as a result of its higher taxable income, the expiry of FG Hydro's ITH in April 2014, and FGP's higher taxes payable as a result of its non-recurring gain of \$8.5 million from the insurance claims it booked in 2015.

Loans Payable

As of June 30, 2015, loans payable stood at \$26.5 million following a loan availed by FGP for the payment of its liquid fuel importation last February 2015, which was consumed during the scheduled 30-day Malampaya outage in March and April 2015.

On May 15, 2015, FGP obtained a short-term loan amounting to \$26.5 million from ING Bank, N.V. Manila Branch. The said loan will mature on November 12, 2015 and has an all-in interest rate of 1.21% per annum.

Long-term debt – current portion

The \$144.1 million decrease was mainly due to the maturity of EDC's ₱8.5 billion Series 1 Peso Public Bond last June 4, 2015. The decrease was partially offset by the current portion of the newly secured ₱8.5 billion project finance loan of GCGI on March 18, 2015. The account was further increased by the higher current portion of the loans of Red Vulcan, FGPC, and FGP.

Derivative liabilities – current portion

Derivative liabilities decreased by \$0.4 million, or 86.7%, primarily due to favorable movements in FGPC's and FGP's derivative instruments, resulting to a nil value of derivative liabilities recognized in the first half of 2015. This was further supplemented by a decrease in Burgos' derivative liabilities as a result of favorable movements in its derivative instruments.

Long-term debt – net of current portion

Long-term debt increased by \$171.3 million, or 6.8%, to \$2,684.1 million as of June 30, 2015 from \$2,512.8 million at the beginning of the year. This was mainly due to GCGI's ₱8.5 billion project finance loan secured on March 18, 2015, and FNPC's \$94.5 million additional drawdown during the period. The increase was partially offset by the reclassification of the maturing obligations to the current portion.

Derivative liabilities – net of current portion

This account decreased by \$4.1 million, or 12.4%, to \$28.8 million as of June 30, 2015 from \$32.9 million at the beginning of the year. The decrease was mainly due to favorable movements in the MTM valuation of FGPC's interest rate swaps and Burgos' derivative instruments.

Retirement and other post-employment benefits liability

This account increased by \$3.4 million, or 8.4%, to \$43.8 million as of June 30, 2015 from \$40.4 million at the beginning of the year. The increase was primarily due to the retirement expense that EDC recognized during the period.

Other noncurrent liabilities

Other noncurrent liabilities increased by \$3.0 million, or 7.6%, to \$42.5 million as of June 30, 2015 from \$39.5 million at the beginning of the year. The increase was primarily due to the accretion expense for the ARO of EDC and the First Gas plants.

Additional paid-in capital

Additional paid-in capital increased by \$113.1 million, or 10.7%, from \$1,052.3 million as of end-December 2014 to \$1,165.4 million as of June 30, 2015 due to the premium on the additional common shares offered by First Gen through a private placement last January 21, 2015.

Last January 21, 2015, First Gen issued a total of 297.0 million common shares (composed of 279.4 million common shares held in treasury and 17.6 million new common shares) at ₱25.50 per share through a private placement.

Accumulated unrealized gain on available for sale (AFS) financial assets

This account increased by \$0.03 million, or 9.0%, to \$0.4 million as of June 30, 2015 mainly due to an increase in the MTM movement of AFS shares held by EDC.

Cumulative translation adjustments

The balance of cumulative translation adjustments as of June 2015 stood at negative \$1.5 million, which decreased from a positive \$8.3 million as of December 31, 2014. This account decreased by \$9.8 million primarily due to unfavorable movements of foreign exchange rates (₱45.090:\$1.00 as of June 30, 2015 from ₱44.72:\$1.00 as of end-2014) on the dollar translation of First Gen's subsidiaries that use Philippine Peso as its functional currency, as well as on the derivative instruments of FGPC, FGP and EDC, which were designated as cash flow hedges.

Retained earnings

First Gen's retained earnings increased by \$75.7 million, or 10.3%, to \$813.2 million as of June 30, 2015 from \$737.5 million as of December 31, 2014. The increase was due to the attributable earnings of the Company during the first half of 2015 amounting to \$95.3 million, partially offset by the \$19.6 million dividends declared to preferred shareholders.

Cost of common stock held in treasury

The decrease in the cost of common stock held in treasury by \$53.0 million, or 73.6%, to \$19.0 million as of June 30, 2015 from \$72.0 million as of December 31, 2014 was mainly due to First Gen's issuance of 279.4 million common shares held in treasury during its private placement last January 21, 2015.

Non-controlling Interest

The non-controlling interest increased by \$15.5 million, or 3.7%, to \$430.0 million as of June 30, 2015 due to its share in the net earnings of EDC and its subsidiaries during the period. This was partially offset by the minority's share in the dividends EDC declared.

DISCUSSIONS OF MAJOR SUBSIDIARIES**FGPC**

(UNAUDITED) (in USD thousands)	For the periods ended June 30	
	2015	2014
Revenues from sale of electricity	390,907	372,853
Operating income	69,164	65,247
Net income	41,775	39,949
	As of the periods ended	
(in USD thousands)	June 31, 2015 (Unaudited)	Dec. 31, 2014 (Audited)
Total assets	833,212	800,622
Debt – net of debt issuance costs	296,129	321,308
Other liabilities	262,004	213,745
Total equity	275,079	265,569

June 2015 vs. June 2014 Results

FGPC's revenues for 2015 increased by \$18.1 million, or 4.8%, to \$390.9 million in the first half of 2015 from \$372.9 million in 2014. The increase was primarily due to higher fuel revenues as a result of the consumption of liquid fuel with the scheduled 30-day Malampaya outage that started on March 15, 2015. This was supplemented by FGPC's higher dispatch in 2015 (81.2% in 1H 2015 compared to 64.8% in 1H 2014) following the return of Santa Rita's Unit 40 in July 2014 after the Unit 40 Incident. The increase was partially offset by FGPC's lower average gas prices in 2015 (\$9.9/MMBtu in 1H 2015 from \$12.5/MMBtu in 1H 2014).

Operating income likewise increased by \$3.9 million, or 6.0%, in 2015 mainly due to lower taxes and licenses expense. FGPC posted a net income of \$41.8 million in the first half of 2015, which increased by \$1.9 million, or 4.6%, from the \$39.9 million registered in 2014. The increase was mainly due to FGPC's lower interest expense as a result of its scheduled long-term debt payments.

June 2015 vs. December 2014**ASSETS**

FGPC's total assets as of June 2015 stood at \$833.2 million, which increased by \$32.6 million, or 4.1%, from a balance of \$800.6 million as of December 31, 2014 due to the movement in the following accounts:

- higher ending cash balance due to cash generated from operations;
- higher AFS financial assets due to favorable movement in its MTM valuation; and
- increase in prepaid insurance and VAT on importation.

These were partially offset by:

- consumption of liquid fuel inventory for operations;
- collection from shareholders; and
- depreciation of property, plant and equipment.

LIABILITIES AND EQUITY

FGPC's total liabilities amounted to \$558.1 million as of June 30, 2015, which increased by \$23.0 million, or 4.3%, from \$535.1 million as of December 31, 2014. This was primarily due to an increase in payables as a result of liquid fuel purchased in March and May 2015. This was partially offset by FGPC's scheduled long-term debt payments and was further supplemented by a decrease in derivative liabilities due to favorable movements in the MTM valuation of FGPC's derivative instruments.

Total equity increased by \$9.5 million, or 3.6%, to \$275.1 million as of June 30, 2015 as compared to \$265.6 million at the beginning of the year. The increase in equity was mainly due to the earnings during the period and a decrease in the "Accumulated other comprehensive loss" account due to favorable movements in the MTM valuation of FGPC's derivative instruments and AFS financial assets. The increase in total equity was partially offset by dividends declared in 2015.

FGP Corp.

(UNAUDITED)	For the periods ended June 30	
(in USD thousands)	2015	2014
Revenues from sale of electricity	196,757	220,131
Operating income	38,394	41,057
Net income	32,698	28,443
	As of the periods ended	
(in USD thousands)	June 30, 2015 (Unaudited)	Dec. 31, 2014 (Audited)
Total Assets	659,963	586,139
Debt – net of debt issuance costs	394,308	380,497
Other Liabilities	130,395	85,013
Total Equity	135,260	120,629

June 2015 vs. June 2014 Results

Total revenues for the period ended June 30, 2015 decreased by \$23.4 million, or 10.6%, to \$196.8 million from \$220.1 million in 2014. The decline in revenues was primarily due to lower fuel revenues that resulted from a decrease in average gas prices (\$9.9/MMBtu in 1H 2015 as compared to \$12.8/MMBtu in 1H 2014). FGP did, however, have slightly higher plant dispatch (76.8% in 1H 2015 compared to 76.0% in 1H 2014) for the first semester of 2015.

Operating income decreased by \$2.7 million, or 6.5%, to \$38.4 million for the first six months of 2015 from \$41.1 million in 2014 mainly due to higher staff costs and professional fees. Conversely, net income increased by \$4.3 million, or 15.0%, to \$32.7 million in 2015 mainly due to FGP's final receipt of insurance claims amounting to \$8.5 million in 2015.

June 2015 vs. December 2014

FGP's total assets as of June 2015 stood at \$660.0 million, which increased by \$73.8 million, or 12.6%, from \$586.1 million in 2014 due to the movements in the following accounts:

- higher ending cash balance due to cash generated from operations;
- higher outstanding receivables from FGPC for the purchase of liquid fuel that was advanced by FGP last February and April; and
- favorable movement in the MTM valuation of its AFS financial assets.

The decrease was partially offset by:

- utilization of fuel inventory; and
- depreciation and amortization of fixed assets.

LIABILITIES AND EQUITY

As of June 2015, total liabilities increased by \$59.2 million, or 12.7%, to \$524.7 million from last year's \$465.5 million mainly due to a short term loan it obtained on May 15, 2015 amounting to \$26.5 million which was used to pay outstanding payables on liquid fuel purchased last February 2015. The increase was augmented by payables from the liquid fuel purchased last April and June 2015.

Total equity increased by \$14.6 million, or 12.1%, to \$135.3 million as of June 30, 2015 as compared to \$120.6 million at the beginning of the year. The increase in equity was mainly from its earnings for the first six months of 2015, partially offset by cash dividends declared in 2015.

EDC Consolidated

(UNAUDITED) (Amounts in PHP millions)	For the periods ended June 30	
	2015	2014
Revenues from sale of electricity	16,775.4	15,227.3
Foreign exchange gains (losses), net	(234.0)	374.9
Income before income tax	5,367.7	7,104.7
Net income	4,800.5	6,480.5
	As of the periods ended	
	June 30, 2015 (Unaudited)	Dec. 31, 2014 (Audited)
Total Assets	130,273.7	124,499.5
Total Liabilities	83,798.8	80,879.4
Total Equity	46,474.9	43,620.1

June 2015 vs. June 2014 Results

During the first semester of 2015, EDC posted a net income of ₱4,800.5 million, lower by ₱1,680.0 million, or 25.9%, from the ₱6,480.5 million in the same period last year. The decrease was driven by a ₱3,285.1 million combined increase in cost of sales of electricity, general & administrative expenses, financial expenses, and other charges though partially offset by a ₱1,548.1 million increase in revenue mainly due to Burgos, Nasulo and Bacman operations.

June 2015 vs. December 2014

ASSETS

Total assets increased by ₱5,774.2 million, or 4.6%, to ₱130,273.7 million, mainly due to an increase in total cash and cash equivalents. Total cash and cash equivalents increased by ₱1,422.0 million to ₱15,432.2 million as of June 30, 2015 from ₱14,010.2 million as of December 31, 2014, primarily due to ₱9,442.5 million in proceeds raised from loans and ₱11,487.8 million net cash generated from operating activities.

Moreover, total assets were further increased by an increase in other current assets by ₱971.5 million, or 134.7% to ₱1,692.5 million as of June 30, 2015 from a ₱721.0 million balance as of December 31, 2014 primarily due to additional withholding tax certificates and prepaid expenses. Total property, plant and equipment likewise increased by ₱2,791.0 million to ₱85,864.5 million as of June 30, 2015 from ₱83,073.5 million as of December 31, 2014 primarily due to additions amounting to ₱5,194.4 million mainly on account of drilling activities in Palinpinon and Leyte, though partially offset by ₱2,400.1 million in depreciation and amortization for the period.

LIABILITIES AND EQUITY

Total liabilities increased by ₱2,919.4 million, or 3.6%, to ₱83,798.8 million as of June 30, 2015 from ₱80,879.4 million as of December 31, 2014 primarily due to GCGI's ₱8.5 billion project finance loan secured on March 18, 2015, and the higher trade and other payables due to trade purchases made. These increases

were partly offset by the payments of various payables to third parties, and the maturity of the ₱8,488 million Series 1 Peso Public Bond on June 4, 2015.

Total equity increased by ₱2,854.8 million, or 6.5%, to ₱46,474.9 million as of June 30, 2015 from ₱43,620.1 million as of December 31, 2014 mainly due to the net income earned during the period, which was partially offset by cash dividends declared in March 2015.

FG Hydro

(Amounts in PHP millions)	For the periods ended June 30	
	2015	2014
Operating revenues	1,208.7	1,527.1
Operating expenses	483.6	469.0
Other expenses – net	83.1	86.3
Income before tax	642.0	971.8
Provision for income tax	162.2	16.0
Net income	479.8	955.8
	As of the periods ended	
	June 30, 2015 (Unaudited)	Dec. 31, 2014 (Audited)
Total current assets	1,855.1	1,522.9
Total noncurrent assets	5,764.3	6,080.0
Total current liabilities	700.6	655.6
Total noncurrent liabilities	3,031.8	3,220.0
Total equity	3,887.0	3,727.3

June 2015 vs. June 2014 Results

FG Hydro generated revenues of ₱1,208.7 million for the period ended June 30, 2015, which decreased by ₱318.4 million, or 20.8%, from ₱1,527.1 million for the same period in 2014. The unfavorable variance was mainly due to lower average spot market prices and lower electricity generation in 2015 as compared to the previous year as a result of the significantly lower water reservoir levels and lower IDR.

Operating expenses for the period ended June 30, 2015 amounted to ₱483.6 million, which increased by ₱14.6 million, or 3.1%, from ₱469.0 million for the same period in 2014. The unfavorable variance was primarily due to higher local business taxes (LBT) paid and higher professional fees in 2015. The increase in operating expenses was partially offset by lower Interest expense in the first half of 2015 by ₱1.6 million, or 1.8%, due to its scheduled principal payments on its existing loan. Provision for current income tax for the period ended June 30, 2015 substantially increased by ₱146.2 million primarily due to the expiry of FG Hydro's ITH last April 13, 2014. Overall, FG Hydro posted a net income of ₱479.8 million for the period ended June 30, 2015, which decreased by ₱476.0 million, or 49.8%, from the ₱955.8 million for the same period last year.

June 2015 vs. December 2014

ASSETS

Total assets as of June 30, 2015 stood at ₱7,619.4 million, which was ₱16.5 million higher than the December 31, 2014 level of ₱7,602.9 million. The favorable variance was mainly due to a higher cash balance in 2015 from its operating activities.

LIABILITIES AND EQUITY

As of June 30, 2015, total liabilities stood at ₱3,732.4 million, which was ₱143.2 million, or 3.6%, lower than the December 31, 2014 level of ₱3,875.6 million. The decrease was mainly due to FG Hydro's lower long-term debt balance as a result of its scheduled loan payments.

Total equity as of June 30, 2015 amounted to ₱3,887.0, which increased by ₱159.7 million, or 4.2%, from a ₱3,727.3 million balance as of December 31, 2014 mainly due to the net income earned for the first half of

2015. This was partially offset by the dividends it declared last January 23, 2015 for its common shareholders.

FG Bukidnon

	For the periods ended June 30	
(in PHP thousands)	2015	2014
Revenues	14,665	19,273
Operating income	1,601	5,604
Net income	841	4,570
	As of the periods ended	
(in PHP thousands)	June 30, 2015 (Unaudited)	Dec. 31, 2014 (Audited)
Total Assets	125,291	124,040
Total Current Liabilities	16,723	17,167
Other Liabilities	16,625	15,771
Total Equity	91,943	91,102

June 2015 vs. June 2014 Results

Revenue for the first half of 2015 decreased by ₱4.6 million, or 23.9%, due to lower plant generation and sales volume billed to Cagayan Electric Power and Light Company, Inc. (CEPALCO).

Operating income decreased by ₱4.0 million, or 71.4%, mainly due to lower electricity sales to CEPALCO though partially offset by the slightly lower administrative expenses for the first half of 2015.

FG Bukidnon posted a net income of ₱0.8 million, ₱3.7 million lower than the previous year's ₱4.6 million. The decrease was mainly due to lower electricity sales.

June 2015 vs. December 2014

ASSETS

As of June 30, 2015, total assets stood at ₱125.3 million, which is ₱1.3 million, or 1.0%, higher than the December 31, 2014 level of ₱124.0 million mainly due to the accumulation of cash from operations for the first half of 2015, partially offset by the following:

- decrease in accounts receivable;
- decrease in property, plant and equipment; and,
- decrease in other current assets.

LIABILITIES AND EQUITY

As of June 30, 2015, total current liabilities decreased by ₱0.4 million, or 2.6%, due to the lower level of trade payables for the first half of 2015.

As of June 30, 2015, other liabilities increased by ₱0.9 million, or 5.4%, due to the set-up of a retirement liability and ARO for the first half of 2015.

Total equity increased by ₱0.8 million, or 0.9%, to ₱91.9 million as of June 30, 2015 mainly due to the net income earned for the first half of 2015.

KEY PERFORMANCE INDICATORS

First Gen Consolidated	June 2015	June 2014	December 2014
Current ratio	2.05x	1.67x	1.67x
Asset-to-equity ratio	2.63x	2.64x	2.76x
Debt-to-equity ratio	1.63x	1.64x	1.76x
Quick ratio	1.73x	1.46x	1.46x
Return on assets (%)	5.25%	6.87%	6.24%
Return on equity (%)	14.14%	18.77%	17.47%
Interest-bearing debt-to-equity ratio (times)	1.35x	1.37x	1.49x

Key Performance Indicators	Details
Current Ratio	Calculated by dividing current assets over current liabilities. This ratio measures the company's ability to pay short-term obligations.
Asset-to-equity ratio (times)	Calculated by dividing total assets over total equity.
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.
Quick ratio	Calculated by dividing Cash and cash equivalents plus Receivables over total current liabilities. This ratio measures a company's solvency.
Annualized Return on Assets	Calculated by dividing the numerator of the net income for the period times 2, 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.
Annualized Return on Equity	Calculated by dividing the numerator of the net income for the period times 2, 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 balance sheet.
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.

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	\$250,942	\$5,340	\$2,628	\$59,213	\$318,123
Related parties	2,084	—	—	—	2,084
Loans and notes receivables	1,946	—	—	—	1,946
Others	7,668	2,760	10,078	52	20,558
	262,640	8,100	12,706	59,265	342,711
Less: allowance for doubtful accounts	—	—	—	(2,021)	(2,021)
	\$262,640	\$8,100	\$12,706	\$57,244	\$340,690

FIRST GEN CORPORATION AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF ALL EFFECTIVE STANDARDS
AND INTERPRETATIONS
JUNE 30, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of June 30, 2015		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	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	✓		
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment	✓		
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions	✓		
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee 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	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		

**These standards, interpretations and amendments to existing standards are effective subsequent to January 1, 2015. First Gen Group did not early adopt these standards, interpretations and amendments.*

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of June 30, 2015		Adopted	Not Adopted	Not Applicable
PFRS 7	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures	Not early adopted		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments *	Not early adopted		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not early adopted		
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities - Applying the Consolidation Exception*	✓		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	✓		
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations*			✓
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities - Applying the Consolidation Exception*	Not early adopted		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts*	Not early adopted		
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of June 30, 2015		Adopted	Not Adopted	Not Applicable
PAS 1 (Revised)	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income			✓
	Amendments to PAS 1: Disclosure Initiatives*	Not early adopted		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
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	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets	✓		
PAS 16	Property, Plant and Equipment	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization*	Not early adopted		
	Amendments to PAS 16 and PAS 41: Bearer Plants*			✓
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Amended)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions*	Not early adopted		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment to PAS 21: Net Investment in a Foreign Operation			✓
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 PFRS 10, PFRS 12 and PAS 27: Investment Entities	✓		
	Amendments to PAS 27: Equity Method in Separate Financial Statements*	Not early adopted		

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PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of June 30, 2015		Adopted	Not Adopted	Not Applicable
PAS 28 (Amended)	Investments in Associates and Joint Ventures	✓		
	Amendments to PFRS 10, PFRS 12 and PAS 28: Investment Entities - Applying the Consolidation Exception*	Not early adopted		
	Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Not early adopted		
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation	✓		
	Amendment to PAS 32: Classification of Rights Issues	✓		
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Recoverable Amount Disclosures for Non-Financial Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
	Amendments to PAS 16 and PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization*	Not early adopted		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities	✓		
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions	✓		
	Amendments to PAS 39: The Fair Value Option	✓		
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✓		

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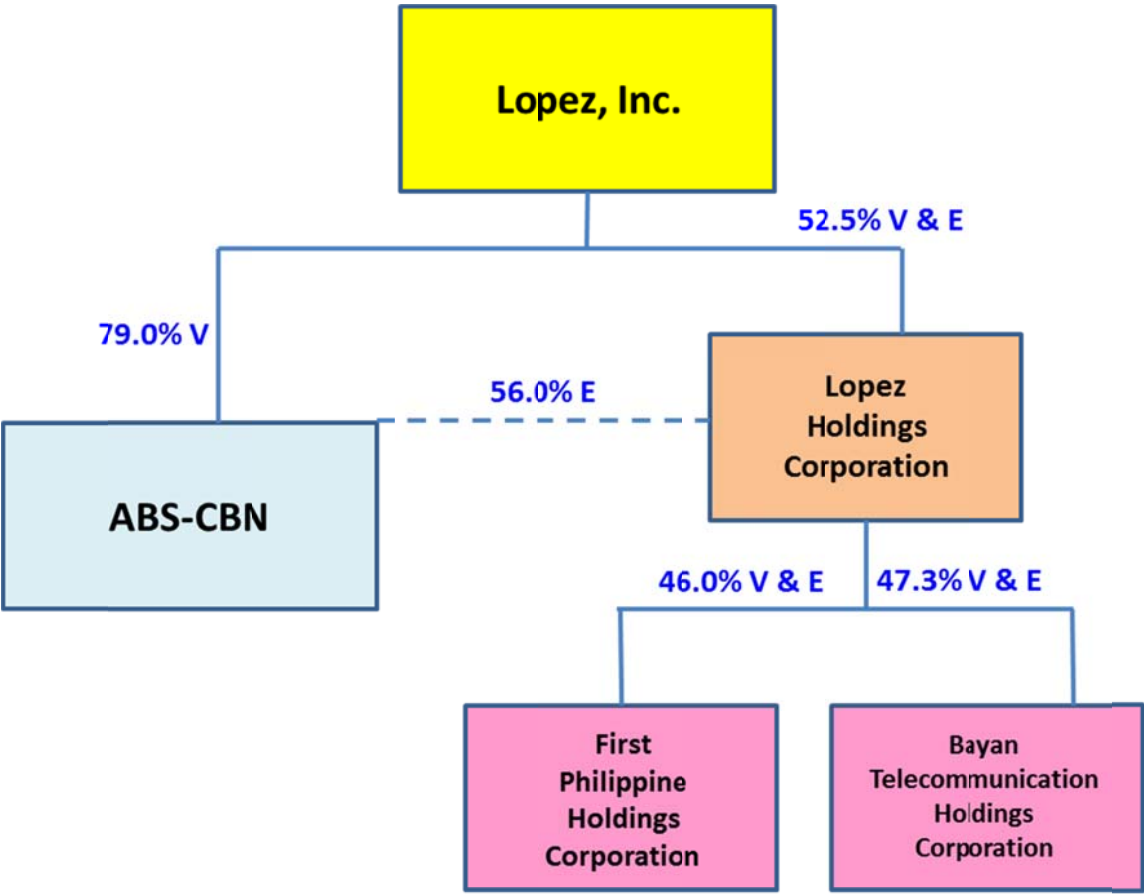
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of June 30, 2015		Adopted	Not Adopted	Not Applicable
PAS 39	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
	Amendment to PAS 39: Eligible Hedged Items	✓		
	Amendments to PAS 39: Novation of Derivatives and Continuation of Hedge Accounting	✓		
	Amendments to PAS 39: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	Not early adopted		
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants*			✓
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	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: 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	PAS 19—The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	✓		
	Amendments to Philippine Interpretations IFRIC-14, Prepayments of a Minimum Funding Requirement	✓		
IFRIC 15	Agreements for the Construction of Real Estate*			✓

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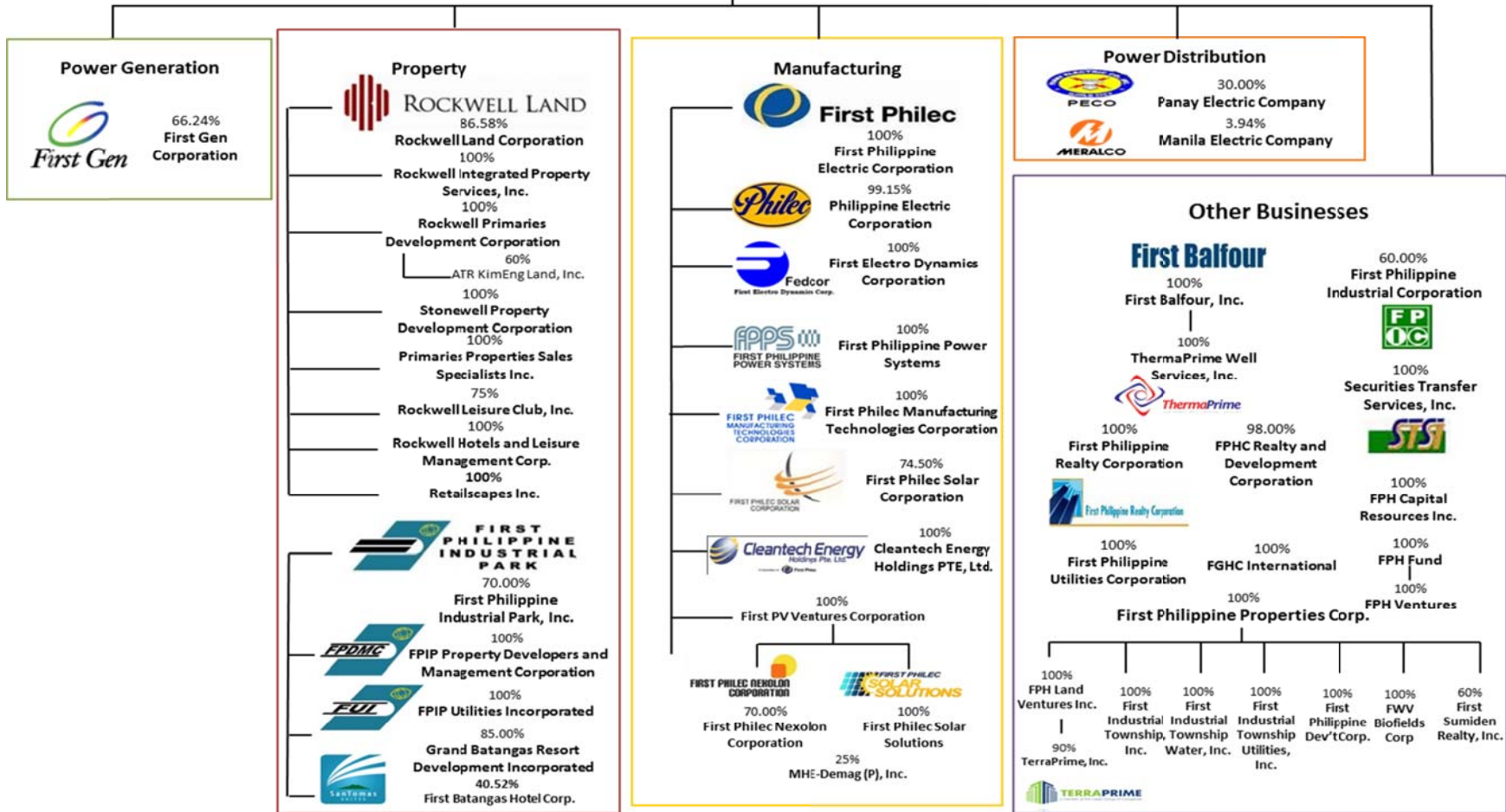
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of June 30, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	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			✓

**These standards, interpretations and amendments to existing standards are effective subsequent to January 1, 2015. First Gen Group did not early adopt these standards, interpretations and amendments.*

MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE LOPEZ GROUP



Legend:
E = Economic
V = Voting



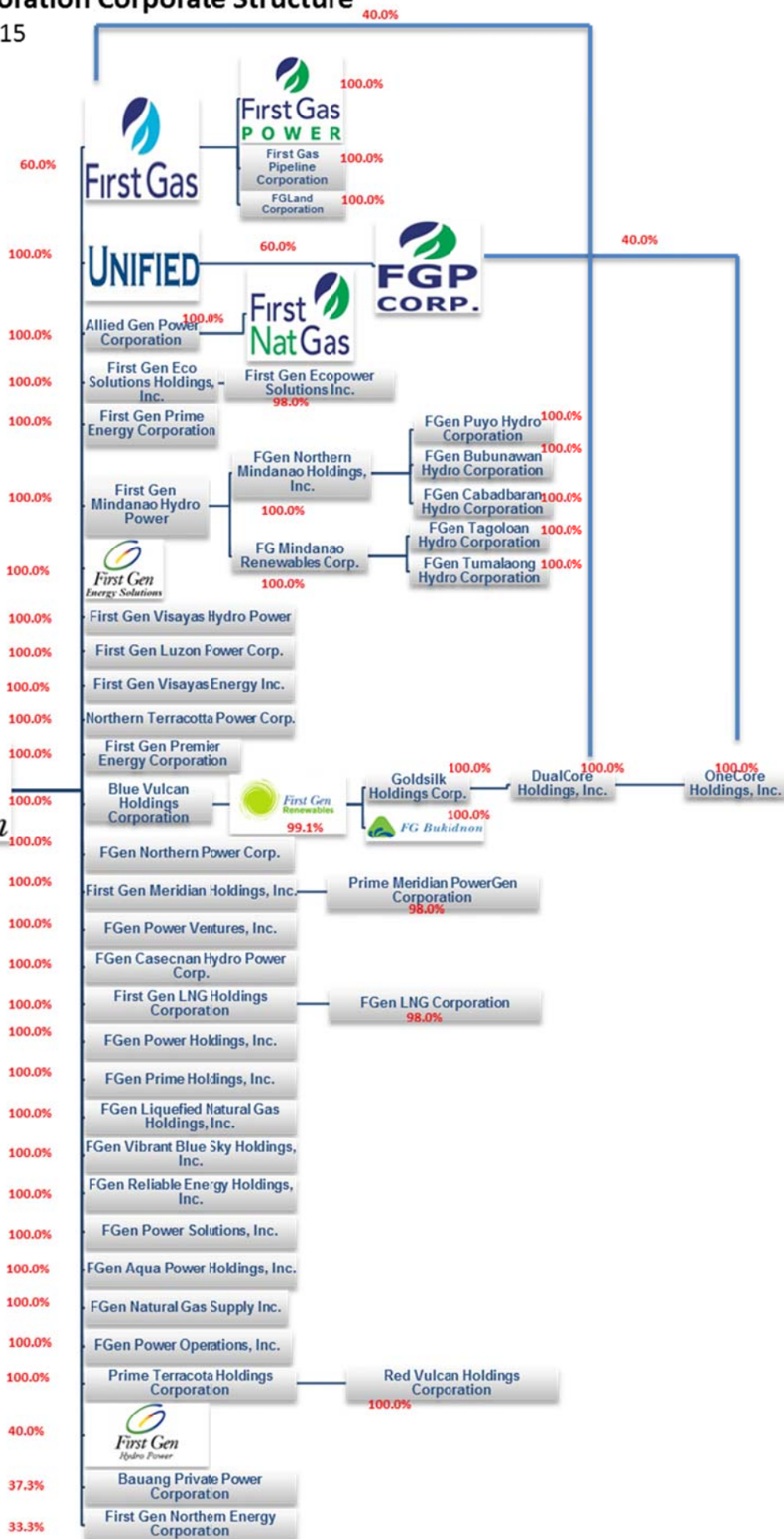
*FPH's Corporate Structure as of June 30, 2015

First Gen Corporation Corporate Structure

As of June 30, 2015



Economic = 66.2%



OTHER FINANCIAL 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.

PART II – OTHER INFORMATION

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



EMMANUEL P. SINGSON
Senior Vice President and CFO



MARIA CARMINA Z. UBAÑA
Vice President and Comptroller

August 14, 2015

First Gen Corporation and Subsidiaries
Unaudited Interim Condensed Consolidated Financial Statements
June 30, 2015 (With Comparative Audited Figures as at December 31, 2014)
and For the Six-Month Periods Ended June 30, 2015 and 2014
(In U.S. Dollars)

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

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	\$864,059	\$673,893
Receivables (Notes 5 and 17)	340,690	386,985
Inventories (Note 6)	87,768	98,675
Other current assets (Notes 7 and 12)	129,903	59,672
Total Current Assets	1,422,420	1,219,225
Noncurrent Assets		
Property, plant and equipment (Notes 8 and 12)	2,715,643	2,523,991
Goodwill and intangible assets (Note 9)	1,190,455	1,207,514
Deferred income tax assets - net	26,431	27,874
Other noncurrent assets (Note 10)	315,002	308,671
Total Noncurrent Assets	4,247,531	4,068,050
TOTAL ASSETS	\$5,669,951	\$5,287,275

LIABILITIES AND EQUITY

Current Liabilities		
Accounts payable and accrued expenses (Note 11)	\$450,357	\$366,909
Income tax payable	10,673	8,898
Dividends payable (Note 14)	19,550	20,056
Loans payable (Note 12)	26,496	–
Due to related parties (Note 17)	145	146
Current portion of:		
Long-term debts (Notes 8 and 12)	188,204	332,269
Derivative liabilities (Note 19)	56	421
Total Current Liabilities	695,481	728,699
Noncurrent Liabilities		
Long-term debts - net of current portion (Notes 8 and 12)	2,684,058	2,512,769
Retirement and other post-employment benefits	43,785	40,409
Derivative liabilities - net of current portion (Note 19)	28,846	32,926
Deferred income tax liabilities - net	20,642	20,381
Other noncurrent liabilities (Note 13)	42,490	39,485
Total Noncurrent Liabilities	2,819,821	2,645,970
Total Liabilities	\$3,515,302	\$3,374,669

(Forward)

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Equity Attributable to Equity Holders of the Parent		
Company (Note 14)		
Redeemable preferred stock	\$69,345	\$69,345
Common stock	75,123	74,728
Additional paid-in capital	1,165,366	1,052,282
Accumulated unrealized gain on available-for-sale (AFS) financial assets	386	354
Cumulative translation adjustments	(1,520)	8,283
Equity reserve	(378,289)	(372,439)
Retained earnings	813,245	737,525
Cost of common stock held in treasury	(19,010)	(71,997)
	1,724,646	1,498,081
Non-controlling Interests	430,003	414,525
Total Equity	2,154,649	1,912,606
TOTAL LIABILITIES AND EQUITY	\$5,669,951	\$5,287,275

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 Six-Month Periods Ended June 30	
	2015	2014
REVENUES FROM SALE OF ELECTRICITY	\$965,246	\$935,470
COSTS OF SALE OF ELECTRICITY (Note 15)	(602,614)	(576,122)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 15)	(108,494)	(97,786)
FINANCIAL INCOME (EXPENSE)		
Interest income	4,953	3,261
Interest expense and financing charges (Note 15)	(92,435)	(82,667)
	(87,482)	(79,406)
OTHER INCOME (CHARGES)		
Foreign exchange gains (losses) – net	(5,585)	9,278
Mark-to-market gain – financial assets at fair value through profit or loss (FVPL)	9	–
Mark-to-market gain on derivatives – net (Note 19)	–	195
Proceeds on insurance claims of FGP and EDC	25,401	8,916
Others (Note 17)	(2,629)	5,458
	17,196	23,847
INCOME BEFORE INCOME TAX	183,852	206,003
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	39,284	37,706
Deferred	762	(1,144)
	40,046	36,562
NET INCOME	\$143,806	\$169,441
Attributable to:		
Equity holders of the Parent Company	\$95,270	\$102,589
Non-controlling interests	48,536	66,852
	\$143,806	\$169,441
Basic Earnings per Share for Net Income Attributable to the Equity Holders of the Parent Company (Note 16)	\$0.021	\$0.025

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)**

	For the Three-Month Periods Ended June 30	
	2015	2014
REVENUES FROM SALE OF ELECTRICITY	\$465,237	\$478,457
COSTS OF SALE OF ELECTRICITY	(288,689)	(288,061)
GENERAL AND ADMINISTRATIVE EXPENSES	(62,310)	(53,535)
FINANCIAL INCOME (EXPENSE)		
Interest income	2,836	1,445
Interest expense and financing charges	(47,449)	(40,225)
	(44,613)	(38,780)
OTHER INCOME (CHARGES)		
Foreign exchange gain (loss) – net	(6,409)	13,227
Mark-to-market loss – financial assets at FVPL	(179)	–
Mark-to-market gain on derivatives – net	–	27
Proceeds on insurance claims of FGP and EDC	23,549	8,916
Others	(1,434)	710
	15,527	22,880
INCOME BEFORE INCOME TAX	85,152	120,961
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	17,652	20,032
Deferred	589	(1,244)
	18,241	18,788
NET INCOME	\$66,911	\$102,173
Attributable to:		
Equity holders of the Parent Company	\$44,810	\$59,715
Non-controlling interests	22,101	42,458
	\$66,911	\$102,173

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 Six-Month Periods Ended June 30	
	2015	2014
NET INCOME	\$143,806	\$169,441
OTHER COMPREHENSIVE INCOME (LOSS):		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on foreign currency translation	(21,770)	35,191
Net gain (loss) on cash flow hedge - net of tax (Note 20)	4,190	(331)
Unrealized gain (loss) on AFS financial assets	78	(32)
	(17,502)	34,828
TOTAL COMPREHENSIVE INCOME	\$126,304	\$204,269
Total comprehensive income attributable to:		
Equity holders of the Parent Company	\$85,499	\$164,738
Non-controlling interests	40,805	39,531
	\$126,304	\$204,269

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 June 30	
	2015	2014
NET INCOME	\$66,911	\$102,173
OTHER COMPREHENSIVE INCOME (LOSS):		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on foreign currency translation	(7,045)	51,980
Net gain (loss) on cash flow hedge - net of tax (Note 19)	9,927	(1,736)
Unrealized gain (loss) on AFS financial assets	(11)	25
	2,871	50,269
TOTAL COMPREHENSIVE INCOME	\$69,782	\$152,442
Total comprehensive income attributable to:		
Equity holders of the Parent Company	\$49,777	\$97,372
Non-controlling interests	20,005	55,070
	\$69,782	\$152,442

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 SIX-MONTH PERIODS ENDED JUNE 30, 2015 AND 2014
(Amounts in U.S. Dollars and in Thousands, Except per Share Amount)

	Equity Attributable to Equity Holders of the Parent Company (Note 14)										
	Capital Stock		Additional Paid-in Capital	Cumulative Translation Adjustments	Accumulated Unrealized Gain on AFS Financial Assets	Equity Reserve	Retained Earnings	Cost of Common Stock Held in Treasury	Subtotal	Non- controlling Interests	Total
	Redeemable Preferred Stock	Common Stock									
BALANCES AT JANUARY 1, 2015	\$69,345	\$74,728	\$1,052,282	\$8,283	\$354	(\$372,439)	\$737,525	(\$71,997)	\$1,498,081	\$414,525	\$1,912,606
Total comprehensive income (loss)	—	—	—	(9,803)	32	—	95,270	—	85,499	40,805	126,304
Share in employee trusts of EDC	—	—	—	—	—	—	—	—	—	10	10
Proceeds from issuance of common stock and treasury stocks through placement	—	395	114,474	—	—	—	—	52,987	167,856	—	167,856
Transaction costs on private placement	—	—	(1,390)	—	—	—	—	—	(1,390)	—	(1,390)
Acquisition of non-controlling interests in EDC	—	—	—	—	—	(5,687)	—	—	(5,687)	(3,326)	(9,013)
Acquisition of non-controlling interests in PTHC	—	—	—	—	—	(163)	—	—	(163)	(949)	(1,112)
Dividends on preferred shares (Note 14)	—	—	—	—	—	—	(19,550)	—	(19,550)	—	(19,550)
Dividends of subsidiaries	—	—	—	—	—	—	—	—	—	(21,062)	(21,062)
BALANCES AT JUNE 30, 2015	\$69,345	\$75,123	\$1,165,366	(\$1,520)	\$386	(\$378,289)	\$813,245	(\$19,010)	\$1,724,646	\$430,003	\$2,154,649
BALANCES AT JANUARY 1, 2014	\$69,345	\$74,728	\$1,052,282	(\$19,909)	\$344	(\$365,496)	\$600,974	(\$62,253)	\$1,350,015	\$379,852	\$1,729,867
Total comprehensive income (loss)	—	—	—	62,162	(13)	—	102,589	—	164,738	39,531	204,269
Acquisition of non-controlling interests in EDC	—	—	—	—	—	(1,930)	—	—	(1,930)	(1,374)	(3,304)
Acquisition of non-controlling interests in PTHC	—	—	—	—	—	(111)	—	—	(111)	(977)	(1,088)
Acquisition of common shares by subsidiaries	—	—	—	—	—	—	—	(8,306)	(8,306)	—	(8,306)
Share in employee trusts of EDC	—	—	—	—	—	—	—	—	—	88	88
Dividends on preferred shares	—	—	—	—	—	—	(19,872)	—	(19,872)	—	(19,872)
Dividends of subsidiaries	—	—	—	—	—	—	—	—	—	(21,016)	(21,016)
BALANCES AT JUNE 30, 2014	\$69,345	\$74,728	\$1,052,282	\$42,253	\$331	(\$367,537)	\$683,691	(\$70,559)	\$1,484,534	\$396,104	\$1,880,638

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 Six-Month Periods Ended June 30	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$183,852	\$206,003
Adjustments for:		
Depreciation and amortization	91,432	77,836
Interest expense and financing charges	92,435	82,667
Net unrealized foreign exchange losses (gains)	4,095	(9,605)
Mark-to-market gain on derivatives - net	—	(195)
Mark-to-market gain on financial assets at FVPL	(9)	—
Interest income	(4,953)	(3,261)
Gain on disposal of property, plant and equipment	—	(5,248)
Loss on direct write-off of Input VAT claims	1,229	—
Income before working capital changes	368,081	348,197
Decrease (increase) in:		
Receivables	46,596	(9,246)
Inventories	69,077	18,536
Other current assets	(56,787)	10,898
Increase (decrease) in:		
Accounts payable and accrued expenses	19,568	(28,129)
Retirement and other post-employment benefits	3,376	5,485
Net cash generated from operations	449,911	345,741
Interest received	4,953	3,261
Income taxes paid	(37,414)	(26,502)
Net cash flows from operating activities	417,450	322,500
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	265	17,059
Proceeds from redemption of AFS financial assets	—	7,778
Proceeds from incidental income from testing property, plant and equipment	—	5,119
Additions to:		
Property, plant and equipment	(289,766)	(258,964)
Exploration and evaluation assets	(3,634)	(4,305)
Other noncurrent assets	(22,106)	(27,374)
Financial assets at FVPL	(11,238)	(11,250)
AFS financial assets	—	(1,364)
Intangible assets (Note 9)	(1,319)	(22)
Net cash used in investing activities	(327,798)	(273,323)

(Forward)

	For the Six-Month Periods Ended June 30	
	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Interest expense and financing charges	(\$83,337)	(\$81,939)
Long-term debt	(267,178)	(74,663)
Acquisition of non-controlling interest in EDC	(9,013)	(3,304)
Acquisition of non-controlling interest in PTHC	(1,112)	(1,088)
Cash dividends to preferred shareholders	(20,056)	(20,202)
Cash dividends to non-controlling interests	(21,062)	(21,016)
Loans payable	—	(33,829)
Parent Company shares acquired by subsidiaries	—	(8,306)
Additions to other noncurrent liabilities	2,557	1,311
Advances from (payments to) related parties	(1)	38
Proceeds from:		
Issuance of common shares and treasury shares through private placement – net of transaction costs	166,466	—
Availment of long-term debt – net of debt issuance costs	306,740	—
Availment of short-term loans	26,496	—
Net cash flows from (used in) financing activities	100,500	(242,998)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES		
ON CASH AND CASH EQUIVALENTS	14	1,329
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		
	190,166	(192,492)
CASH AND CASH EQUIVALENTS		
AT BEGINNING OF PERIOD	673,893	870,253
CASH AND CASH EQUIVALENTS		
AT END OF PERIOD (Note 4)	\$864,059	\$677,761

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) was 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. 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 shares, including the exercised greenshoe option of 12,501,700 common shares, 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 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 Perpetual Preferred shares are currently listed and traded on the First Board of the PSE. The total proceeds from the issuance of the Series G Perpetual 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. Following the subscription, FPH maintained its 66.2% stake in the Parent Company’s issued and outstanding common stock.

As of June 30, 2015, FPH directly and indirectly owns 66.2% of the common stocks of First Gen and 100% of First Gen’s voting preferred stocks. With the adoption of Philippine Financial Reporting Standards (PFRS) 10, *Consolidated Financial Statements* effective January 1, 2013, Lopez Holdings Corporation (LHC) becomes the intermediate parent of First Gen through FPH, while Lopez, Inc. becomes the ultimate parent of First Gen Group. Prior to the adoption of PFRS 10, FPH was the ultimate parent company of First Gen Group. There are 353 common stockholders of record and 3,609,818,857 common stocks issued and outstanding.

The registered office address of the Parent Company is 3rd Floor, Benpres Building, Exchange Road corner Meralco Avenue, Pasig City.

2. Summary of Significant Accounting Policies

Basis of Preparation

The unaudited interim condensed consolidated financial statements of the Parent Company as of June 30, 2015 and for the six-month periods ended June 30, 2015 and 2014 have been prepared on a historical cost basis, except for derivative financial instruments and available-for-sale (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 PFRS' Philippine Accounting Standard (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, 2014.

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, 2014, except for the adoption of the following amended accounting standards that became effective beginning January 1, 2015.

The following new standards and amendments issued by the International Accounting Standards Board (IASB) were already adopted by the Financial Reporting Standards Council (FRSC) but are still for approval by the Board of Accountancy (BOA).

Effective January 1, 2015

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments), requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. These amendments is not expected to be relevant to First Gen Group since it has no defined benefit plan with contributions from employees or third parties.

Improvements to PFRSs (2010-2012 Cycle)

The following annual improvements to PFRSs are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact to the First Gen Group:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*, clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:

- A performance condition must contain a service condition;
- A performance target must be met while the counterparty is rendering service;
- A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group;
- A performance condition may be a market or non-market condition; and
- If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

This amendment shall be prospectively applied to share-based payment transactions for which the grant date is on or after July 1, 2014. The amendment has no impact on First Gen Group's financial position or performance.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*, clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. First Gen Group shall consider this amendment for future business combinations.
- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*, clarifies that an entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'. The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The amendments are to be applied retrospectively. The amendments affect disclosures only and have no impact on First Gen Group's financial position or performance.
- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method Proportionate Restatement of Accumulated Depreciation and Amortization*, clarifies that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The amendment is to be applied retrospectively. The amendment has no impact on First Gen Group's financial position or performance.
- PAS 24, *Related Party Disclosures - Key Management Personnel*, clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendments are to be applied retrospectively. The amendments affect disclosures only and have no impact on First Gen Group's financial position or performance.

Improvements to PFRSs (2011-2013 Cycle)

The following annual improvements to PFRSs are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact to the First Gen Group:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Ventures*, clarifies that joint arrangements, not just joint ventures, are outside the scope of PFRS 3. It further clarifies that

this scope exception applies only to the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has no impact on First Gen Group's financial position or performance.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*, clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (or PFRS 9, as applicable). The amendment is applied prospectively.
- PAS 40, *Investment Property*, clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). The amendment is applied prospectively. The amendment has no impact on First Gen Group's financial position or performance.

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 consolidated statement of comprehensive income 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 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 six-month periods ended June 30, 2015 and 2014, 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 June 30, 2015 and December 31, 2014:

	Percentage of Voting Interest	
	June 30, 2015	December 31, 2014
First Gen Renewables, Inc. (FGRI) ¹²	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. [formerly First Gen Geothermal Power Corporation] (FG Ecopower)	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)	100	100
Northern Terracotta Power Corp. (Northern Terracotta)	100	100
Blue Vulcan ^{5, 12}	100	100
Prime Meridian Powergen Corporation (Prime Meridian)	100	100
Gold silk ^{5, 12}	100	100
Dualcore ^{5, 12}	100	100
Onecore ^{5, 12}	100	100
FG Mindanao Renewables Corp. (FMRC) ⁶	100	100
FGen Northern Mindanao Holdings, Inc. (FNMHI) ⁶	100	100

	Percentage of Voting Interest	
	June 30, 2015	December 31, 2014
FGen Tagoloan Hydro Corporation (FG Tagoloan) ⁷	100	100
FGen Tumalaong Hydro Corporation (FG Tumalaong) ⁷	100	100
FGen Puyo Hydro Corporation (FG Puyo) ⁸	100	100
FGen Bubunawan Hydro Corporation (FG Bubunawan) ⁸	100	100
FGen Cabadbaran Hydro Corporation (FG Cabadbaran) ⁸	100	100
FGHC ^{5, 12}	100	100
FGP ^{2, 12}	100	100
FNPC ³	100	100
First Gas Power Corporation (FGPC) ^{4, 12}	100	100
First Gas Pipeline Corporation (FG Pipeline) ^{4, 12}	100	100
FGLand Corporation (FG Land) ^{4, 12}	100	100
FGEN LNG Corporation (FGEN LNG)	100	100
First Gen LNG Holdings Corporation (LNG Holdings)	100	100
First Gen Meridian Holdings, Inc. (FGEN Meridian)	100	100
FGEN Northern Power Corp. (FGEN Northern Power)	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	—
Prime Terracota Holdings Corp. (Prime Terracota) ^{10,11}	100	73
First Gen Hydro Power Corporation (FG Hydro) ^{10,11}	40	40

¹Through FGRI

²Through Unified

³Through AlliedGen

⁴Through FGHC

⁵On May 30, 2012, the Parent Company, through its wholly owned subsidiary, Blue Vulcan, acquired from BGAPH the entire outstanding capital stock of Bluespark. Bluespark's wholly owned subsidiaries namely Goldsilk, Dualcore and Onecore own 40% of the First Gas Group. Following the acquisition of Bluespark, the Parent Company now beneficially owns 100% of First Gas Group through its intermediate holding companies.

⁶Through FG Mindanao

⁷Through FMRC

⁸Through FNMHI

⁹As a result of the adoption of PFRS 10 effective January 1, 2013.

¹⁰As a result of the adoption of PFRS 10 effective January 1, 2013. As of June 30, 2015, direct voting interest by the Parent Company in FG Hydro is 40% while its effective economic interest is 70.0% through Prime Terracota.

¹¹On June 18, 2015, the Parent Company purchased 16.0 million and 13.0 million Series "B" voting preferred shares of Prime Terracota owned by Quialex Realty Corp. and the Employees' Retirement Plan of Lopez, Inc. (Lopez Inc. Retirement Fund or LIRF, respectively). As of June 30, 2015, the Parent Company's direct voting interest in Prime Terracota increased from 73.4% to 100.0% and its effective voting interest in EDC likewise increased from 50.9% to 67.0% through Prime Terracota.

¹²On June 17, 2014, the Philippine SEC approved the Plan and Articles of Merger between FGRI and Bluespark that was executed on April 29, 2014. As a result of the merger, FGRI becomes the surviving corporation and is now 99.1% effectively owned by Blue Vulcan while the remaining 0.9% is still owned by the Parent Company. FGRI now effectively owns 40.0% voting and economic interest in FGHC and subsidiaries, and FGP. Prior to the merger, FGRI was a wholly-owned subsidiary of the Parent Company.

¹³On May 15, 2015, FGen NatGas Supply was incorporated and registered with the Philippine SEC.

All of the foregoing subsidiaries are incorporated in the Philippines.

As of June 30, 2015, AlliedGen, FNPC, FG Luzon, FG Visayas, FG Mindanao, FG Ecopower, FG Premier, FG Prime, FG Visayas Energy, Northern Terracotta, Prime Meridian, FMRC, FNMHI, FG Tagoloan, FG Tumalaong, FG Puyo, FG Bubunawan, FG Cabadbaran, FGEN LNG, LNG Holdings, FGEN Meridian, 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 and FGen NatGas Supply have not started commercial operations.

As of June 30, 2015 and December 31, 2014, Prime Terracota's subsidiaries include the following companies:

	Percentage of Voting Interest	
	June 30, 2015	December 31, 2014
Red Vulcan	100	100
EDC	60	60
First Gen Hydro Power Corporation (FG Hydro)	60	60
EDC Drillco Corporation	60	60
EDC Geothermal Corp (EGC)	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)	60	60
EDC Mindanao Geothermal, Inc. (EMGI)	60	60
Bac-Man Energy Development Corporation (BEDC)	60	60
Kayabon Geothermal Inc. (KGI)	60	60
EDC Wind Energy Holdings, Inc.	60	60
EDC Burgos Wind Power Corporation (EBWPC)	60	60
EDC Chile Limitada	60	60
EDC Holdings International Limited (EHIL) ¹	60	60
Energy Development Corporation Hong Kong Limited (EDC HKL) ²	60	60
EDC Pagudpud Wind Power Corporation (EPWPC)	60	60
EDC Bayog Burgos Power Corporation (EBBPC) ¹⁰	60	60
EDC Burgos Pagali Wind Power Corporation (EBPWPC) ¹⁰	60	60
EDC Bright Solar Energy Holdings, Inc. (EBSEHI) ¹⁰	60	60
EDC Bago Solar Power Corporation (EBSPC) ¹⁰	60	60
EDC Chile Holdings SPA ^{3,9}	60	60
EDC Geotermica Chile ^{3,9}	60	60
EDC Peru Holdings S.A.C. ^{4,9}	60	60
EDC Geotermica Peru S.A.C. ^{4,9}	60	60
EDC Quellaapacheta ^{5,9}	60	60
PT EDC Indonesia ^{6,9}	60	60
PT EDC Panas Bumi Indonesia ^{6,9}	60	60
EDC Geotermica Del Sur S.A.C. ^{7,9}	60	60
EDC Energia Azul S.A.C. ^{7,9}	60	60
Geotermica Crucero Perú S.A.C. ^{8,9}	42	42
EDC Energía Perú S.A.C. ^{7,9}	60	60
Geotermica Tutupaca Norte Perú S.A.C. ^{8,9}	42	42
EDC Energía Geotérmica S.A.C. ^{7,9}	60	60
EDC Progreso Geotérmico Perú S.A.C. ^{7,9}	60	60
EDC Energía Renovable Perú S.A.C. ^{7,9}	60	60
Geotermica Loriscota Perú S.A.C. ^{8,9}	42	42
Hot Rock Holding Ltd.	60	60
Hot Rock Chile Ltd.	60	60
Hot Rock Peru Ltd.	60	60
Hot Rock Chile S.A.	60	60
Hot Rock Peru S.A.	60	60

¹ Incorporated on August 17, 2011 in BVI

² incorporated on November 22, 2011 in Hong Kong

³ Through EHIL and was incorporated on January 13, 2012 in Santiago, Chile

⁴ Through EHIL and was incorporated on January 19, 2012 in Lima, Peru

⁵ Through EHIL and was incorporated on July 17, 2012 in Lima, Peru

⁶ Through EHIL and was incorporated on July 9, 2012 in Jakarta Pusat, Indonesia

⁷ Through EHIL and was incorporated on February 27, 2013 in Lima, Peru

⁸ Through EHIL and were incorporated in 2013

⁹ Subsidiary of EDC HKL

¹⁰ Incorporated and registered in Philippine SEC in 2014

As of June 30, 2015, 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	
	June 30, 2015	December 31, 2014
First Gen Northern Energy Corp. (FGNEC) ¹	33	33
Bauang Private Power Corporation (BPPC) ²	37	37

¹ The 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%.

² First 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.

As of June 30, 2015 and December 31, 2014, the investments in FGNEC and BPPC amounted to nil.

3. Operating Segment Information

Operating segments are components of First Gen Group that engage 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 Board of Directors (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 beneficially owns 100% equity interest effective May 30, 2012;
- FGP, which operates the 500 MW combined cycle, natural gas-fired San Lorenzo power plant, and where the Parent Company now beneficially owns 100% equity interest effective May 30, 2012;
- EDC and Subsidiaries, which holds service contracts with the Department of Energy (DOE) corresponding to 14 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 14 geothermal contract areas. In addition, EBWPC, a wholly-owned subsidiary of EDC, has completed the construction of its 150-MW Burgos Wind Energy Project located in Ilocos Norte. EDC intends to operate the Burgos Wind Project under the Feed-In Tariff (FIT) system. As of June 30, 2015, EBWPC's application for the FIT Certificate of Compliance (a requirement to avail of the incentives under FIT system) is subject for the approval of the Energy Regulatory Commission (ERC). In 2014, the Burgos Wind Project started to generate electricity which was sold to the WESM. On May 20, 2014, the Parent Company purchased 31.0 million Series "B" voting preferred

shares of Prime Terracota owned by LIRF. This transaction has increased the Parent Company's direct voting interest in Prime Terracota from 45% to 73.4%, and has likewise increased its effective voting interest in EDC to 51.0% as of June 30, 2015; and,

- 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 June 30, 2015.

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 35.4% 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 Six-Month Period Ended June 30, 2015 (Unaudited)							
	FGPC	FGP	EDC & Subsidiaries*	FG Hydro	Others	Eliminating Entries**	Total
Segment revenue	\$390,907	\$196,757	\$349,871	\$27,166	\$4,369	(\$3,824)	\$965,246
Segment expenses	(309,926)	(138,969)	(144,896)	(6,028)	(11,000)	8,339	(602,480)
Segment results	80,981	57,788	204,975	21,138	(6,631)	4,515	362,766
Interest income	5,174	2,676	3,293	77	1,087	(7,354)	4,953
Interest expense and financing charges	(7,677)	(6,339)	(51,503)	(1,941)	(32,329)	7,354	(92,435)
Depreciation and amortization	(19,349)	(10,997)	(55,872)	(4,844)	(370)	–	(91,432)
Income (loss) before income tax	59,129	43,128	100,893	14,430	(38,243)	4,515	183,852
Provision for income tax	(17,354)	(10,430)	(8,548)	(3,647)	(67)	–	(40,046)
Net income (loss)	\$41,775	\$32,698	\$92,345	\$10,783	(\$38,310)	\$4,515	\$143,806

*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 revenue and expenses that were eliminated upon consolidation.

For the Six-Month Period Ended June 30, 2014 (Unaudited)							
	FGPC	FGP	EDC & Subsidiaries*	FG Hydro	Others	Eliminating Entries**	Total
Segment revenue	\$372,853	\$220,131	\$312,917	\$28,900	\$4,215	(\$3,546)	\$935,470
Segment expenses	(287,807)	(167,668)	(92,605)	(5,840)	(20,113)	1,808	(572,225)
Segment results	85,046	52,463	220,312	23,060	(15,898)	(1,738)	363,245
Interest income	5,785	2,533	1,924	71	3,770	(10,822)	3,261
Interest expense and financing charges	(17,212)	(6,825)	(41,976)	(1,975)	(25,501)	10,822	(82,667)
Depreciation and amortization	(19,304)	(11,048)	(42,521)	(4,721)	(242)	–	(77,836)
Income (loss) before income tax	54,315	37,123	137,739	16,435	(37,871)	(1,738)	206,003
Provision for income tax	(14,397)	(8,689)	(12,381)	(1,077)	(18)	–	(36,562)
Net income (loss)	\$39,918	\$28,434	\$125,358	\$15,358	(\$37,889)	(\$1,738)	\$169,441

*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 revenue and expenses that were eliminated upon consolidation.

Other financial information of the business segments are as follows:

	June 30, 2015 (Unaudited)						
	FGPC	FGP	EDC & Subsidiaries*	FG Hydro	Others	Eliminating Entries	Total
Current assets	\$385,675	\$317,561	\$574,526	\$41,142	\$680,308	(\$576,792)	\$1,422,420
Noncurrent assets	447,537	342,402	2,200,564	127,841	5,655,293	(4,526,106)	4,247,531
Total assets	\$833,212	\$659,963	\$2,775,090	\$168,983	\$6,335,601	(\$5,102,898)	\$5,669,951
Current liabilities	\$269,337	\$186,091	\$285,745	\$15,538	\$337,282	(\$398,512)	\$695,481
Noncurrent liabilities	288,796	338,612	1,496,870	67,239	908,770	(280,466)	2,819,821
Total liabilities	\$558,133	\$524,703	\$1,782,615	\$82,777	\$1,246,052	(\$678,978)	\$3,515,302

*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, 2014 (Audited)						
	FGPC	FGP	EDC & Subsidiaries *	FG Hydro	Others	Eliminating Entries	Total
Current assets	\$329,610	\$224,040	\$520,620	\$34,079	\$435,364	(\$324,488)	\$1,219,225
Noncurrent assets	471,012	362,099	2,153,936	135,970	5,567,188	(4,622,155)	4,068,050
Total assets	\$800,622	\$586,139	\$2,674,556	\$170,049	\$6,002,552	(\$4,946,643)	\$5,287,275
Current liabilities	\$214,833	\$110,205	\$393,427	\$14,685	\$306,718	(\$311,169)	\$728,699
Noncurrent liabilities	320,220	355,305	1,335,980	72,004	1,068,934	(506,473)	2,645,970
Total liabilities	\$535,053	\$465,510	\$1,729,407	\$86,689	\$1,375,652	(\$817,642)	\$3,374,669

*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

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Cash on hand and in banks	\$191,064	\$147,462
Short-term deposits	672,995	526,431
	\$864,059	\$673,893

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

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Trade	\$318,123	\$371,914
Due from related parties (Note 17)	2,084	2,521
Loans and notes receivables	1,946	2,144
Others	20,558	12,444
	342,711	389,023
Less: Allowance for doubtful accounts	(2,021)	(2,038)
	\$340,690	\$386,985

Aging of trade receivables:

Current	\$250,942
More than 30 days past due	5,340
More than 30 days to one year past due	2,628
More than one year past due	59,213
	<u>\$318,123</u>

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

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
At cost:		
Fuel inventories	\$24,370	\$39,576
Spare parts and supplies	53,891	49,514
	78,261	89,090
At NRV – spare parts and supplies	9,507	9,585
	<u>\$87,768</u>	<u>\$98,675</u>

For FGP and FGPC, the amounts of fuel inventories recognized as expense were \$18.5 million and \$22.2 million for the six-month periods ended June 30, 2015 and 2014, 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. Other Current Assets

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Prepaid expenses	\$28,399	\$15,707
Input value-added tax (VAT)	50,566	21,505
Financial assets at FVPL (see Note 19)	22,710	11,708
Debt service reserve account	17,850	–
Prepaid taxes	5,231	8,491
AFS financial assets	2,808	–
Advances to contractors	833	1,447
Derivative assets (see Note 19)	662	492
Others	844	322
	<u>\$129,903</u>	<u>\$59,672</u>

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

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

Financial asset at FVPL

In 2014, EDC entered into an Investment Management Agreement (IMA) with Security Bank (the “Investment Manager”) whereby EDC availed of the services of Security Bank relative to the management and investment of funds amounting to \$11.2 million (₱500.0 million).

In 2015, EDC invested an additional \$11.2 million (₱500.0 million) to the IMA with Security Bank.

Among others, following are the significant provisions of the IMA:

- The Investment Manager shall administer and manage the fund as allowed and subject to the requirements of the BSP, and in accordance with the written investment policy and guidelines mutually agreed upon and signed by Security Bank and EDC.
- The agreement is considered as an agency and not a trust agreement. EDC, 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.

EDC accounts for the entire investment as financial asset at FVPL, and such investment is shown as part of “Other current assets” account in the unaudited interim consolidated statements of financial position. Mark-to-market adjustment on the securities amounting to \$0.01 million gain in 2015 was taken up in the unaudited interim consolidated statements of income.

8. Property , Plant and Equipment

Movements in the account are as follows:

June 30, 2015 (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	Others	Construction in Progress	Total
Cost										
Balances at January 1, 2015	\$57,594	\$1,739,857	\$871,015	\$634,021	\$35,487	\$7,281	\$1,210	\$—	\$367,022	\$3,713,487
Additions	1,139	1,273	1,183	839	1,208	383	9	—	289,043	295,077
Retirements/write-off	—	—	(8)	—	(302)	(194)	—	—	—	(504)
Reclassifications/adjustments	—	48,121	(1,182)	34,011	(2,306)	50	—	—	(77,640)	1,054
Foreign exchange adjustments	(376)	(11,766)	(822)	(5,665)	(213)	(30)	(1)	—	(5,809)	(24,682)
Balances at June 30, 2015	58,357	1,777,485	870,186	663,206	33,874	7,490	1,218	—	572,616	3,984,432
Accumulated Depreciation, Amortization and Impairment										
Balances at December 31, 2014	395	418,493	589,016	158,680	17,905	4,017	990	—	—	1,189,496
Depreciation and amortization (Note 15)	—	15,970	53,721	10,995	1,783	597	23	—	—	83,089
Retirements/write-off	—	(3)	(8)	—	(75)	(164)	—	—	—	(250)
Reclassifications/adjustments	—	503	515	—	24	3	—	—	—	1,045
Foreign exchange adjustments	(4)	(2,570)	(426)	(1,448)	(124)	(18)	(1)	—	—	(4,591)
Balances at June 30, 2015	391	432,393	642,818	168,227	19,513	4,435	1,012	—	—	1,268,789
Net Book Value	\$57,966	\$1,345,092	\$227,368	\$494,979	\$14,361	\$3,055	\$206	\$—	\$572,616	\$2,715,643

December 31, 2014 (Audited)										
	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	Others	Construction in Progress	Total
Cost										
Balances at December 31, 2013	\$55,834	\$1,230,793	\$897,132	\$532,227	\$30,324	\$6,034	\$1,186	\$1,452	\$401,881	\$3,156,863
Additions	1,927	8,652	2,476	1,137	2,570	1,874	25	—	596,602	615,263
Retirements/write-off	—	(58)	(31,023)	—	(808)	(526)	—	—	—	(32,415)
Reclassifications/adjustments	—	510,896	3,137	105,403	3,618	(75)	—	(1,454)	(628,807)	(7,282)
Foreign exchange adjustments	(167)	(10,426)	(707)	(4,746)	(217)	(26)	(1)	2	(2,654)	(18,942)
Balances at December 31, 2014	57,594	1,739,857	871,015	634,021	35,487	7,281	1,210	—	367,022	3,713,487
Accumulated Depreciation, Amortization and Impairment										
Balances at December 31, 2013	398	403,513	534,783	138,398	16,148	3,456	952	—	—	1,097,648
Depreciation and amortization	—	69,324	54,736	21,465	2,168	980	39	—	6	148,718
Reversal of impairment provision of NNGP										
power plant assets	—	(46,265)	—	—	—	—	—	—	—	(46,265)
Retirements/write-off	—	(36)	(6,449)	—	(323)	(412)	—	—	—	(7,220)
Reclassifications/adjustments	—	(6,183)	6,287	—	7	6	—	—	(6)	111
Foreign exchange adjustments	(3)	(1,860)	(341)	(1,183)	(95)	(13)	(1)	—	—	(3,496)
Balances at December 31, 2014	395	418,493	589,016	158,680	17,905	4,017	990	—	—	1,189,496
Net Book Value	\$57,199	\$1,321,364	\$281,999	\$475,431	\$17,582	\$3,264	\$220	\$—	\$367,022	\$2,523,991

Property, plant and equipment with net book values of \$259.1 million and \$278.0 million as of June 30, 2015 and December 31, 2014, respectively, have been pledged as security for long-term debt (see Note 12).

Construction of the 97 MW Avion Open Cycle Natural Gas-Fired Power Plant (Avion Plant)

On August 1, 2014, PMPC signed an Engineering, Procurement and Supply (Offshore) Contract with Istroenergo Group (IEG) and an Onshore Engineering, Procurement and Construction Contract (EPC Contract) with Energy Project Completion Ltd., a Philippine Branch Office of IEG, for PMPC's Avion Plant. IEG is an engineering contractor from Slovakia experienced in the construction of aeroderivative gas turbine power plants. The Avion Plant will use General Electric's LM6000 PC Sprint aeroderivative gas turbines and have the capability to burn natural gas or liquid fuel. It is being constructed adjacent to the Parent Company's 1,000 MW Santa Rita and 500 MW San Lorenzo natural gas-fired power plants in Batangas City. As of June 30, 2015, the construction of the Avion plant is on-going.

Signing of the EPC Contract with Meralco Industrial Engineering Services Corporation

On June 6, 2014, PMPC executed an EPC Contract with Meralco Industrial Engineering Services Corporation (MIESCOR) for the engineering, procurement, design, execution, construction and completion of the high voltage interconnection facility from PMPC's 97 MW Avion Plant to the existing 1,000 MW Santa Rita Plant Substation. MIESCOR is a wholly-owned subsidiary of MERALCO, and has experience in power generation, transmission and distribution, petrochemical/chemical and industrial plants, water resources, transportation and telecommunication system and building services.

Construction of the 414 MW San Gabriel Power Plant (San Gabriel Plant)

On December 16, 2013, FNPC signed a Construction Services Contract with Siemens Inc. for the design, installation, testing and commissioning of an approximately 450 MW (nominal) net capacity combined-cycle gas-fired San Gabriel power plant to be located in Santa Rita, Batangas City. The San Gabriel project is intended to serve the mid-merit and, potentially, the base load requirements of the Luzon Grid, is expected to be in commercial operations in March 2016. On the same day, FNPC signed an Equipment Supply Contract with Siemens AG for the engineering, design and supply of equipment for the San Gabriel power plant. This contract includes the supply of equipment which is composed mainly of the Siemens 8000H gas turbine, steam turbine, Heat Recovery Steam Generator, generator, control systems, high voltage equipment, condenser and auxiliaries.

Borrowing costs consist of interest on long-term debt, amortization of debt issuance cost and foreign exchange losses from the revaluation of accrued interest payable and long-term debt (net of accumulated debt issuance cost). As of June 30, 2015, the construction of the San Gabriel plant is on-going.

Estimated Rehabilitation and Restoration Costs

FCRS and production wells include the estimated rehabilitation and restoration costs of EDC's steam fields and power plants' contract areas at the end of the contract period. These were based on technical estimates of probable costs, which may be incurred by EDC in the rehabilitation and restoration of the said steam fields and power plants' contract areas from 2031 up to 2044, discounted using the EDC's risk-adjusted rate. These costs, net of accumulated amortization, amounted \$10.9 million and \$10.5 million as of June 30, 2015 and December 31, 2014, respectively. As of June 30, 2015 and December 31, 2014, the provision for rehabilitation and restoration costs, shown as part of "Asset retirement obligations" in the "Other noncurrent liabilities" account amounted to \$17.8 million and \$16.7 million, respectively (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 Six-Month Periods Ended June 30	
	2015	2014
Property, plant and equipment	\$83,089	\$69,672
Intangible assets	8,343	8,164
	\$91,432	\$77,836

	For the Six-Month Periods Ended June 30	
	2015	2014
Costs of sale of electricity (see Note 15)	\$87,715	\$72,428
General and administrative (see Note 15)	3,717	5,408
	\$91,432	\$77,836

9. Goodwill and Intangible Assets

	June 30, 2015 (Unaudited)					
	Goodwill	Concession Rights for Contracts Acquired	Water Rights	Pipeline Rights	Other Intangible asset	Total
Cost						
Balances at December 31, 2014	\$1,079,493	\$186,421	\$53,774	\$13,253	\$6,987	\$1,339,928
Additions	–	–	–	–	1,319	1,319
Reclassifications	–	–	–	–	(343)	(343)
Foreign exchange adjustments	(8,784)	(1,529)	(441)	–	(70)	(10,824)
Balances at June 30, 2015	1,070,709	184,892	53,333	13,253	7,893	1,330,080
Accumulated Amortization						
Balances at December 31, 2014	–	106,561	17,477	7,378	998	132,414
Amortization (see Notes 8 and 15)	–	6,591	1,081	301	370	8,343
Foreign exchange adjustments	–	(961)	(158)	–	(13)	(1,132)
Balances at June 30, 2015	–	112,191	18,400	7,679	1,355	139,625
Net Book Value	\$1,070,709	\$72,701	\$34,933	\$5,574	\$6,538	\$1,190,455

	December 31, 2014 (Audited)					
	Goodwill	Concession Rights for Contracts Acquired	Water Rights	Pipeline Rights	Other Intangible Asset	Total
Cost						
Balances at December 31, 2013	\$1,084,707	\$187,786	\$54,168	\$13,253	\$3,868	\$1,343,782
Additions	2,624	–	–	–	1,952	4,576
Reclassification	–	–	–	–	1,221	1,221
Foreign exchange adjustments	(7,838)	(1,365)	(394)	–	(54)	(9,651)
Balances at December 31, 2014	1,079,493	186,421	53,774	13,253	6,987	1,339,928
Accumulated Amortization						
Balances at December 31, 2013	–	94,131	15,438	6,776	602	116,947
Amortization (see Note 10)	–	13,223	2,169	602	404	16,398
Foreign exchange adjustments	–	(793)	(130)	–	(8)	(931)
Balances at December 31, 2014	–	106,561	17,477	7,378	998	132,414
Net Book Value	\$1,079,493	\$79,860	\$36,297	\$5,875	\$5,989	\$1,207,514

Goodwill

As of June 30, 2015 and December 31, 2014, 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 (P8,336.7 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 5.50 years as of June 30, 2015.

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 16.5 years as of June 30, 2015.

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 9.25 years as of June 30, 2015.

Other intangible asset

Other intangible asset pertains to EDC's computer software licenses and wind energy project development costs, which were already reclassified to "Property, plant and equipment" account (see Note 8).

10. Other Noncurrent Assets

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Input VAT	\$104,031	\$102,138
Exploration and evaluation assets	65,717	62,645
Tax credit certificates (TCC)	47,977	54,257
Prepaid major spare parts	56,329	43,117
Deferred debt issuance costs (Note 12)	7,708	17,171
AFS financial assets	4,658	7,416
Special deposits and funds	2,703	2,446
Prepaid expenses	10,296	8,368
Long-term receivables	3,346	2,545
Derivative assets (see Note 19)	4,493	4,513
Retirement assets	3,253	4,310
Others	13,417	8,836
	323,928	317,762
Less: Allowance for doubtful accounts	(8,926)	(9,091)
	\$315,002	\$308,671

Provision for doubtful accounts pertaining to Input VAT and long-term receivables amounted to \$0.6 million during the six-month periods ended June 30, 2015 and 2014.

11. Accounts Payable and Accrued Expenses

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Trade	\$345,574	\$260,045
Deferred output VAT	46,312	46,874
Accrued interest and financing costs	32,803	27,299
Withholding & other taxes payable	12,986	16,776
Output VAT	579	908
Royalty fee payable	1,480	1,303
Others	10,623	13,704
	\$450,357	\$366,909

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 June 30, 2015, the “Others” account includes EDC’s provision for shortfall generation and the portion of liabilities on regulatory assessments and other contingencies.

12. Loans Payable and Long-term Debts

Loans Payable

On May 15, 2015, FGP obtained a short-term loan amounting to \$26.5 million from ING Bank N.V. Manila Branch (ING). The short-term loan will mature on November 12, 2015 and with an all-in interest rate of 1.21% per annum. The proceeds were used to pay the liquid fuel purchased in February 2015.

Long-term debts

This account consists of long-term debts of:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
EDC	\$1,473,357	\$1,473,440
First Gen	390,005	391,676
FGP	367,812	380,497
FGPC	296,129	321,308
Red Vulcan	97,730	112,925
FNPC	172,296	85,362
FG Hydro	74,933	79,830
	2,872,262	2,845,038
Less current portion	188,204	332,269
	\$2,684,058	\$2,512,769

EDC

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

Creditor/Project	Maturities	Interest Rates	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
US\$300.0 Million Notes	January 20, 2021	6.5%	\$297,732	\$297,545
Peso Public Bonds				
▪ ₱8.5 billion	June 4, 2015	8.6418%	–	189,811
▪ ₱3.5 billion	December 4, 2016	9.3327%	77,332	77,879
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 ten years	59,942	64,186
▪ IFC 2 - ₱3.3 billion	2013-2025	6.6570%	57,528	60,735
Fixed Rate Note Facility (FXCN)				
▪ ₱4.0 billion	2012-2022	6.6108%	85,152	86,250
▪ ₱3.0 billion	2012-2022	6.6173%	63,838	64,659
Refinanced Syndicated Term Loan				
▪ US\$175.0 million	June 27, 2017	LIBOR plus 1.75% margin	112,989	121,504
Fixed Rate Bonds (FXR)				
▪ ₱4.0 billion	May 3, 2023	4.7312%	87,761	87,755
▪ ₱3.0 billion	May 3, 2020	4.1583%	65,908	66,395
US\$80 Million Term Loan	June 21, 2018	LIBOR plus 1.8% margin	75,580	75,372
EBWPC Loans:				
\$35.5M Commercial Debt Facility	October 23, 2029	LIBOR plus 2.0% margin	36,454	34,432
\$139.0M ECA Debt Facility	October 23, 2029	LIBOR plus 2.35% margin	144,361	133,130
₱5.17B Commercial Debt Facility	October 23, 2029	PDST-F rate plus 2.0% margin	122,586	113,787
GCGI Term Loan	March 18, 2022	5.25%	186,194	–
Total			1,473,357	1,473,440
Less current portion			69,938	226,234
Noncurrent portion			\$1,403,419	\$1,247,206

The long-term debts are presented net of unamortized debt issuance costs. A rollforward analysis of unamortized debt issuance costs as of June 30, 2015 and December 31, 2014 is as follows:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balances at beginning of period	\$19,407	\$13,472
Additions during the period	1,967	9,983
Accretion during the period charged to "Interest expense and financing charges" account (see Note 15)	(1,848)	(3,900)
Foreign exchange differences	(161)	(148)
Balances at end of period	\$19,365	\$19,407

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.

GCGI Term Loan

On March 6, 2015, GCGI completed the execution of separate loan agreements with Asia United Bank Corporation (AUB), Bank of the Philippine Islands (BPI), BDO Unibank Inc. (BDO), Development Bank of the Philippines (DBP), Land Bank of the Philippines (Landbank), Rizal Commercial Banking Corporation (RCBC), Robinsons Bank Corporation, and Union Bank of the Philippines (UBP) for the total amount of ₱8,500.0 million. BDO Capital and Investment Corporation acted as sole arranger. As part of the agreement, GCGI provided a debt service account for the principal and interest payment of the loan amounting to \$2.7 million as of June 30, 2015 (see Note 7).

\$315M Burgos Wind Project Financing

On October 17, 2014, EDC signed a \$315.0 million financing facility agreement with local and foreign banks for the construction of the 150MW 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.

Eksport Kredit Fonden, Denmark's export credit agency, guaranteed a part of the dollar loan component. The Mandated Lead Arrangers for the foreign tranche are Australia and New Zealand Banking Group Limited (ANZ), DZ Bank AG, ING Bank NV, Malayan Banking Berhad (Maybank) and Norddeutsche Landesbank Girozentrale. The local tranche, meanwhile was arranged by PNB Capital and Investment Corporation and SB Capital Investment Corporation among a syndicate of local lenders namely BDO, Landbank, Philippine National Bank (PNB), and Security Bank Corporation (Security Bank). As of June 30, 2015, EBWPC has fully drawn the \$315 million financing agreement.

Under the agreement of the Burgos Wind Project Financing, EBWPC's debt service is guaranteed by EDC. This guarantee will fall away once the conditions set in the loan agreement are met. Therefore, until the debt service guarantee falls away, EBWPC is subject to the same maintenance ratios of EDC. In addition, for the lender's security, a debt service reserve account to cover the principal and interest payment of the loan amounting to \$15.2 million as of June 30, 2015 has been provided (see Note 7).

Bridge Loans

On June 16, 2014, EDC signed a two year loan facilities with an aggregate amount of ₱2,700.0 million (\$60.2 million) with PNB amounting to ₱1,300.0 million (\$29.0 million) and Security Bank C amounting to ₱1,400.0 million (\$31.2 million). On August 18, 2014, EDC fully availed the \$60.2 million loan.

On June 27, 2014, EDC has secured another bridge financing facility from ANZ and Mizuho Corporate Bank, Ltd. (Mizuho) amounting to \$90.0 million and was fully availed on July 31, 2014.

The bridge loans were partially used to finance the construction of Phase 2 of the 150-MW Burgos Wind Project.

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.

FXR Bonds

On May 3, 2013, EDC issued to the public fixed rate bonds (the "FXR Bonds") in an aggregate

principal amount of \$162.0 million (₱7,000.0 million). The interests on the FXR Bonds are payable semi-annually, in arrears, commencing on November 3, 2013. The net proceeds of the FXR Bonds will be used to partially fund the 87 MW Burgos Wind Project located in Burgos, Ilocos Norte.

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).

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 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 RCBC-Trust and Investments Group in its capacity as trustee for the bondholders.

On June 4, 2015, EDC fully redeemed the \$188.5 million (₱8,500.0 million) Series 1 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 the IFC to fund its medium-term capital expenditures program. The loan was drawn in Peso on September 30, 2011, amounting to ₱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 July 3, 2009, EDC received ₱7,500.0 million proceeds from the issuance of FRCN split into two tranches. The first tranche of ₱2,644.0 million will mature after five years and the second tranche of ₱4,856.0 million will mature after seven years with a coupon rate of 8.3729% and 9.4042%, respectively. On September 3, 2009, EDC received ₱1,500.0 million proceeds from the additional issuance of FRCN, a 5-year series paying a coupon rate of 8.4321%.

On April 4, 2012, EDC signed a 10-year FXCN facility agreement amounting to ₱7,000.0 million which is divided into two tranches. The proceeds from the first tranche amounting to ₱3,000.0 million were used to prepay in full its FRCN Series One and Series Three for ₱1,774.3 million and ₱1,007.1 million, respectively. 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 ₱4,000.0 million. The FXCN tranches 1 and 2 bears a coupon rate of 6.6173% and 6.6108% per annum, respectively. FRCN Series One and Series Three were originally scheduled to mature in July 2014 while FRCN Series Two was originally scheduled to mature in July 2016.

Due to the steady decline in interest rates over the past two years, and the cessation of the use of the PDST-F as a benchmark rate, EDC and the noteholders have deemed it appropriate to amend the FXCN loan agreement on April 30, 2015, to revise the interest rate levels and as well as to effect other amendments in order to align the same with the other loan covenants of EDC. Changes in interest rate are, Tranche 1 (₱3.0 billion) - from 6.6173% to 5.25% and Tranche 2 (₱4.0 billion) - from 6.6108% to 5.25%.

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, The Bank of Tokyo-Mitsubishi UFJ, Ltd. (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.

The loan covenants covering its outstanding debts include, among others, maintenance of certain level of current, debt-to-equity and debt-service ratios. As of June 30, 2015 and December 31, 2014, EDC is 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 depository 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 June 30, 2015, the Parent Company is in compliance with the terms of the Notes.

The movements of the unamortized debt issuance costs account as of June 30, 2015 and December 31, 2014 are as follows:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balance at beginning of period	\$3,226	\$3,489
Accretion during the period charged to the "Interest expense and financing charges" account (see Note 15)	(136)	(263)
Balance at end of period	\$3,090	\$3,226

\$100.0 Million Notes Facility

On December 17, 2010 (the "Effective Date"), the Parent Company, BDO, and BDO Capital & Investment Corporation (as Arranger) executed the Notes Facility Agreement granting the Parent Company a facility to borrow an aggregate principal amount of \$100.0 million. The Notes Facility is equally divided into two tranches: (i) Tranche A with a term of six years from drawdown date and (ii) Tranche B with a term of seven years from drawdown date.

On March 29, 2011, the Parent Company availed of \$25.5 million of Tranche A and \$25.5 million of Tranche B. The Parent Company paid a commitment fee of 0.25% per annum on the undrawn amount. On January 2, 2012, the remaining \$24.5 million of Tranche A and \$24.5 million of Tranche B were drawn. The maturity of Tranche A and Tranche B is on March 29, 2017 and March 29, 2018, respectively.

The Notes Facility offered the Parent Company the option of pricing the loan at a fixed or floating rate equivalent to the sum of the applicable benchmark rate and a margin of 2.625% per annum. The Parent Company elected to avail of the loans at fixed interest rates of 6.4979% and 6.8052% for Tranche A and Tranche B, respectively. The interest on the Notes Facility is payable on a semi-annual basis.

On October 11, 2012, the Parent Company and BDO executed Amendment No. 2 to the Notes Facility Agreement to amend the interest rate to 5.09091% for both Tranche A and Tranche B effective October 16, 2012 until the respective maturity dates.

In addition, the Notes 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 the Notes Facility are unsecured.

As of June 30, 2015 and December 31, 2014, the Parent Company is in compliance with the terms of the Notes Facility Agreement.

As of June 30, 2015 and December 31, 2014, the unamortized debt issuance costs incurred amounted to \$0.9 million and \$1.1 million, respectively. The movements of the account are as follows:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balances at beginning of period	\$1,098	\$1,497
Accretion during the period charged to the “Interest expense and financing charges” account (see Note 15)	(193)	(399)
Balances at end of period	\$905	\$1,098

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, UBP, The Hongkong and Shanghai Banking Corporation Limited (HSBC), and Security Bank. The proceeds will be used to repay in full the aggregate principal, accrued interests 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 of FGP amounting to \$77.4 million, and the remaining balance, after funding of the debt reserve account and payment of other fees and expenses, was upstreamed to First Gen as dividends and advances on November 5, 2012.

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.

As of June 30, 2015 and December 31, 2014, the unamortized debt issuance costs incurred in connection with the availment of long-term debt amounting to \$3.2 million and \$3.5 million, respectively, were deducted against the outstanding balance of the long-term debts for financial reporting purposes.

The movements of the debt issuance costs are as follows:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balances at beginning of period	\$3,503	\$4,150
Accretion during the period charged to “Interest expense and financing charges” account (see Note 15)	(315)	(647)
Balances at end of period	\$3,188	\$3,503

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 June 30, 2015 and December 31, 2014, 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: The Bank of Tokyo-Mitsubishi UFJ, Ltd., Calyon, KfW IPEX Bank GMBH, ING Bank N.V. (Singapore Branch), Bayerische Hypo-Und Vereinsbank AG (Hong Kong Branch), Malayan Banking Berhad, Standard Chartered Bank, 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: (i) a Covered Facility with Political Risk Insurance (PRI) amounting to \$312.0 million with a tenor of 12.5 years, (ii) an Uncovered Facility with a ten year tenor amounting to \$188.0 million, 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 pay outstanding loans of FGPC amounting to \$132.0 million and the remaining balance was upstreamed to shareholders as dividends and advances which are interest-bearing. Such advances 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 Banking Corporation (Allied Bank) which was subsequently transferred to PNB as a result of the merger of the two banks effective February 9, 2015.

However, the existing swap contracts (see Note 19) with Bayerische Hypo-Und Vereinsbank AG (Hong Kong Branch) and Société Générale (Singapore Branch) were not assigned.

As of June 30, 2015 and December 31, 2014, the unamortized debt issuance costs incurred in connection with FGPC’s long-term debts amounting to \$4.2 million and \$4.9 million, respectively, were deducted against the long-term debt for financial reporting purposes.

The movements of the debt issuance costs are as follows:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balances at beginning of period	\$4,900	\$6,455
Accretion during the period charged to “Interest expense and financing charges” account (see Note 15)	(709)	(1,555)
Balances at end of period	\$4,191	\$4,900

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 June 30, 2015 and December 31, 2014, FGPC is in compliance with the terms of the said agreement.

FGPC has 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 of 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 each 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.

Red Vulcan

On November 26, 2007 (the “Drawdown Date”), Red Vulcan availed of a Philippine peso-denominated staple financing amounting to \$658.8 million (₱29,200.0 million) (the “Secured Indebtedness”) that was arranged by the Government’s financial advisor for EDC’s stake sale under an Omnibus Loan and Security Agreement (the “Staple Financing Agreement”). The Staple Financing was made available by a group of local lenders, namely DBP, BDO and Landbank (collectively referred to as the “Staple Financing Lenders”) in relation to the sale of 60% of EDC’s issued and outstanding capital stock. The interest rate of the Secured Indebtedness is computed either using monthly, quarterly, or semi-annually at Red Vulcan’s option, using the Philippine Dealing System Treasury Fixing (PDST-F) benchmark rate plus the applicable interest margin, whichever is higher. 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 was obligated to comply with certain covenants with respect to, among others: maintenance of a specified debt-to-equity ratio; not make or permit any material change in the character of its or EDC’s business nor engage or

allow EDC to engage in any business operation or activity other than those for which it is presently authorized by law; not dispose of all or substantially all of its and EDC's assets and no material changes in the corporate structure or in the composition of its top-level management. In addition, 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 was 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, 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 Land Bank 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.

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 now 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 amendment and restated Omnibus Loan and Security Agreement (Amendment No. 4), the Lenders agreed to a release of 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:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balances at beginning of period	\$566	\$921
Accretion during the period charged to “Interest expense and financing charges” account (see Note 15)	(150)	(352)
Foreign exchange difference	(3)	(3)
Balances at end of period	\$413	\$566

FG Hydro

On May 7, 2010, FG Hydro signed a loan agreement for a \$112.0 million (₱5,000.0 million) Peso loan with PNB and Allied Bank with a tenor of ten years. 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 (₱4,300.0 million) 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 new applicable interest rate between a fixed or a floating interest rate. FG Hydro has 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. For the first interest period, the applicable rate was determined as the BSP overnight rate of 3.5% plus 1% margin. The principal and interest on the loan are payable on a semi-annual basis. Interest rates are determined at the beginning of every interest period. FG Hydro 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 semi-annual basis.

The loan restructuring resulted to substantial modification of the terms of the original loan; hence, the original loan was considered extinguished. Amortization of the remaining transaction cost of the original loan amounting to \$1.2 million was accelerated and the transaction cost incurred for the restructured loan amounting to \$0.5 million was recognized as part of the loss on extinguishment of debt.

With the merger of PNB and Allied Bank in February 2013, FG Hydro’s outstanding loan as of that date was consolidated under PNB.

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 June 30, 2015 and December 31, 2014, FG Hydro is in compliance with those covenants.

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 414MW 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.

As of June 30, 2015 and December 31, 2014, FNPC made a total drawdown on the Export Credit Facility amounting to \$190.9 million and \$94.8 million, respectively.

In addition, FNPC pays a commitment fee 0.6% per annum on the undrawn amount. As of June 30, 2015 and December 31, 2014, total deferred debt issuance costs pertaining to the undrawn portion amounts to \$7.7 million and \$17.2 million, respectively. These amounts are included in the “Other noncurrent assets” account in the unaudited interim consolidated statements of financial position (see Note 10).

At inception, the loan was recorded net of debt issuance cost amounting to \$7.0 million. The movements of the unamortized debt issue costs account as of June 30, 2015 and December 31, 2014 are as follows:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balances at beginning of period/inception of loan	\$9,406	\$9,723
Additions/ reclassification during the period	10,071	–
Accretion during the period charged to “Property, plant and equipment” account	(869)	–
Accretion during the period charged to “Interest expense and financing charges” account (see Note 15)	–	(312)
Foreign exchange difference	–	(5)
Balances at end of period	\$18,608	\$9,406

13. Other Noncurrent Liabilities

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Asset retirement obligations	\$19,330	\$18,183
Accrued sick and vacation leaves	9,186	9,209
Others	13,974	12,093
	\$42,490	\$39,485

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 (see Note 8).

Accrued sick and vacation leaves

Sick and annual vacation leaves with pay are given to active employees subject to certain requirements set by EDC. 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 with EDC. Vacation and sick leave credits exceeding the maximum allowed for accrual are forfeited.

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.

14. Equity

a. Capital Stock

As of June 30, 2015, 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 and redeemable at issue price.
- 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 at a redemption price equal to its issue price.
- 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 at a redemption price equal to its issue price.

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

On May 16, 2012, the BOD of the Parent Company approved the extension of the two-year share buyback program which was previously approved by the BOD of the Parent Company on May 12, 2010 covering up to 300.0 million of the Parent Company's common stocks representing approximately 9% of the Parent Company's total outstanding common stocks. The number of shares and buy back period are subject to revision from time to time as circumstances may warrant, subject to the proper disclosures to regulatory agencies, by the

BOD of the Parent Company. The Parent Company will undertake a buy back transaction only if and to the extent that the price per share is deemed extremely undervalued, if share prices are considered highly volatile, or in any other instance where the Parent Company believes that a buy back will result in enhancing shareholder value. On May 12, 2014, the stockholders and the BOD of the Parent Company approved the extension of the buy-back program for another two years from June 1, 2014 to May 31, 2016 under the same terms and conditions as the original share buyback program. There are no stocks purchased under the program from May 16, 2012 to June 30, 2015.

During the May 12, 2014 Annual Stockholders' Meeting, the stockholders and the BOD of the Parent Company approved a two-year buyback program covering the repurchase of up to 5.0 billion worth of Series "F" and "G" redeemable preferred stocks from the open market. The two-year period commenced on June 1, 2014 and will end on May 31, 2016. Under the Series "F" and "G" redeemable preferred stocks buyback program, the maximum amount of the shares and buyback period will be subject to revision by the BOD from time to time as circumstances warrant, subject to proper disclosures to regulatory agencies. The program will not involve active and widespread solicitation from shareholders in general, and not adversely affect the Parent Company's prospective and existing development projects. The program will be executed in open market through the trading facilities of the PSE and be implemented under the supervision of the Parent Company's CEO, President and CFO. There are no stocks purchased under the program from May 12, 2014 to June 30, 2015.

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.

On March 12, 2015 and May 13, 2015, the BOD and the Stockholders of the Parent Company approved the following amendments/matters to Article Seventh of the Parent Company's Amended Articles of Incorporation:

- to create 160 million Series "H" preferred stocks with a par value of ₱10.0 per share with the following features: issue value and dividend rate to be determined by the BOD at the time of issuance, entitled to cumulative dividends, non-voting, non-participating, redeemable at option of the Parent Company and in the event of liquidation, dissolution, distribution of assets or winding-up of the Parent Company shall be entitled to be paid at their issue value plus any accrued and unpaid dividends thereon;
- to increase the authorized capital stock from ₱8,600.0 million to ₱10,200.0 million; and,
- to file the corresponding amendments to Article Seventh of the Parent Company's Amended Articles of Incorporation to reflect the above items.

b. Retained Earnings

On June 15, 2015, the BOD of the Parent Company approved the declaration of cash dividends on its issued and outstanding preferred stocks as follows:

- For all outstanding Series "F" perpetual preferred stocks, cash dividends of four pesos (₱4.00) a share;

- For the 120.0 million Series “G” perpetual preferred stocks (consisting of 100.0 million shares that was issued by way of follow-on offering in May 2012 and 20.0 million shares that was topped-up by FPH), cash dividends of ₱3.8904 a share; and,
- For the 13.75 million Series “G” perpetual preferred stocks issued to FPH by way of private placement, cash dividends of ₱0.38904 a share.

The above cash dividends have a record date of July 1, 2015 and a payment date of July 27, 2015.

On November 13, 2014, the BOD of the Parent Company approved the declaration of 2015 cash dividends on its issued and outstanding preferred stocks as follows:

- For all outstanding Series “B” preferred stocks, cash dividends of two centavos (₱0.02) a share;
- For all outstanding Series “E” preferred stocks, cash dividends of one centavo (₱0.01) a share;
- For all outstanding Series “F” perpetual preferred stocks, cash dividends of four pesos (₱4.00) a share;
- For the 120.0 million Series “G” perpetual preferred stocks (consisting of 100.0 million shares that was issued by way of follow-on offering in May 2012 and 20.0 million shares that was topped-up by FPH), cash dividends of ₱3.8904 a share; and,
- For the 13.75 million Series “G” perpetual preferred stocks issued to FPH by way of private placement, cash dividends of ₱0.38904 a share.

The above cash dividends have a record date of January 5, 2015 and a payment date of January 26, 2015.

The retained earnings balance is restricted to the extent of: (a) acquisition price of the treasury shares amounting to \$19.0 million and \$72.0 million as of June 30, 2015 and December 31, 2014, respectively, and (b) the undistributed net earnings of investee companies (including consolidated subsidiaries) amounting to \$365.8 million and \$286.1 million as of June 30, 2015 and December 31, 2014, 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.

c. Treasury Stocks

Movements in the number of common stocks held in treasury shares are as follows:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balances at beginning of period	330,531,400	308,251,700
Issuance of treasury stocks through private placement	(279,406,700)	–
Common stocks acquired through market by subsidiaries during the period	–	22,279,700
Balances at end of period	51,124,700	330,531,400

15. Costs and Expenses

Costs of sale of electricity

	For the Six-Month Periods Ended June 30	
	2015	2014
Fuel cost	\$406,044	\$418,178
Depreciation and amortization (Notes 8 and 9)	87,715	72,428
Power plant operations and maintenance	89,438	69,309
Others	19,417	16,207
	\$602,614	\$576,122

General and administrative expenses

	For the Six-Month Periods Ended June 30	
	2015	2014
Staff costs	\$40,146	\$30,226
Professional fees	25,711	22,748
Insurance, taxes and licenses	22,863	27,055
Depreciation and amortization (Notes 8 and 9)	3,717	5,408
Parts and supplies issued	1,691	2,349
Repairs and maintenance	1,719	1,665
Provision for doubtful accounts – net of recovery	696	616
Provision for (reversal of) impairment of parts and supplies inventories	(175)	265
Others	12,126	7,454
	\$108,494	\$97,786

Interest Expense and Financing Charges

	For the Six-Month Periods Ended June 30	
	2015	2014
Interest on:		
Loans and bonds	\$81,904	\$72,188
Swap fees	6,494	7,276
Accretion on:		
Debt issuance cost (Note 12)	3,201	2,790
Asset retirement obligation (Note 13)	447	413
Liability from litigation	389	–
	\$92,435	\$82,667

16. Earnings Per Share Calculation

	For the Six-Month Periods Ended June 30	
	2015	2014
(a) Net income attributable to equity holders of the Parent Company	\$95,270	\$102,589
Less dividends on preferred stocks	(20,160)	(20,133)
(b) Net income available to common stocks	\$75,110	\$82,456
(c) Weighted average number of common stocks for basic earnings per share	3,560,313,890	3,325,630,474
Basic Earnings Per Share (b/c)	\$0.021	\$0.025

17. 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 related parties 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 corporate offices are located from First Philippine Realty Corporation (FPRC), 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).
- IFC is a shareholder of EDC that has approximately 5% ownership interest in EDC. On May 20, 2011, EDC signed a 15-year \$75.0 million loan facility with IFC. The loan was drawn in Peso on September 30, 2011, amounting ₱3,262.5 million.

On November 27, 2008, EDC entered into a loan agreement with IFC for \$100.0 million or its Peso equivalent of ₱4.1 billion. On January 7, 2009, EDC opted to draw the loan in Peso and received the proceeds amounting to ₱4,048.8 million, net of ₱51.3 million front-end fee. 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 five to 10 years. Under the loan agreement, EDC is restricted from creating liens and is subject to certain financial covenants. This loan is included under the "Long-term debts" account in the unaudited interim consolidated statements of financial position (see Note 12).

- 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 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 June 30, 2015 and December 31, 2014, the outstanding balances of EDC's payables to First Balfour and Thermaprime totaled to \$32.4 million and \$23.5 million, respectively, recorded under "Accounts payable and accrued expenses" account in the unaudited interim consolidated statements of financial position (see Note 11).

On January 29, 2014, EDC entered into a contract with Thermaprime for the sale of Rig 16 and its ancillary items for an amount of \$18.6 million, exclusive of applicable VAT. The gain on sale amounted to \$5.6 million.

On July 24, 2014, EDC sold Rig 15 to Thermaprime for \$18.6 million and recognized gain on sale amounting to \$1.3 million.

First Balfour is a wholly owned subsidiary of FPH.

f. Intercompany Guarantees

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 414 MW San Gabriel power plant and PMPC, which is the operating company of the 97 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 June 30, 2015 and December 31, 2014, the Parent Company issued guarantees totaling to \$8.6 million and \$6.4 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 PMPC 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 that will be installed in the San Gabriel and Avion power plants. The guarantees shall remain in force until the BOI lifts the same upon compliance by FNPC and PMPC of its obligations under their respective Certificates of Authority.

EDC Chile Limitada, EDC's subsidiary in Chile, is participating in the bids for geothermal concession areas by the Chilean government. The bid rules call for the provision of proof of EDC Chile Limitada's financial capability to participate in said bids or evidence of financial support from EDC. Letters of credit amounting to \$80.0 million were issued by EDC in favor of EDC Chile Limitada as evidence of its financial support.

Terms and Conditions of Transactions with Related Parties. As mentioned above, except for the \$80.0 million letters of credit issued by EDC in favor of EDC Chile Limitada, and the Parent Company guarantees issued to FNPC and PMPC in relation to the on-going construction of San Gabriel and Avion power plants, respectively, there have been no other guarantees provided for or received from any other related party in six-month period ended June 30, 2015, and year

ended December 31, 2014. 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 related parties are as follows:

Related Party	Nature of Transactions	Terms	Transactions for the periods ended		Net Amounts due from/to related parties	
			June 30, 2015 (Unaudited)	December 31, 2014 (Audited)	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Due from related parties*						
	Interest-free advances	Unsecured & payable by demand				
FPIC	- do -	- do -	(\$9)	(\$5)	\$763	\$772
LIRF	- do -	- do -	(151)	(300)	—	151
FGNEC	- do -	- do -	—	(16)	184	184
Quialex Realty Corporation (QRC)	- do -	- do -	(217)	32	—	217
Others	- do -	- do -	(60)	(30)	1,137	1,197
			(\$437)	(\$319)	\$2,084	\$2,521

Related Party	Nature of Transactions	Terms	Transactions for the periods ended		Net Amounts due from/to related parties	
			June 30, 2015 (Unaudited)	December 31, 2014 (Audited)	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Due to related parties						
FGHC International Ltd.	Interest-free advances	Unsecured & payable by demand	\$—	\$—	\$145	\$145
	Donation to Lopez Museum					
LHC		- do -	(1)	(112)	—	1
			(\$1)	\$112	\$145	\$146

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

LIRF and QRC are shareholders of Prime Terracota until June 18, 2015. As of June 30, 2015, the Parent Company purchased all Series “B” preferred shares owned by LIRF and QRC.

Due from/to related parties - Others are advances to/from FPH, LHC, and FPH Capital Resources, Inc. (FCRI). LHC is a stockholder of FPH. FPH is a stockholder of FCRI.

18. Financial Risk Management Objectives and Policies

First Gen Group’s principal financial liabilities are comprised of trade payables 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 and 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 its majority customer, NPC, which is a government-owned-and-controlled corporation. Any failure on the part of NPC to pay its obligations to EDC would significantly affect EDC's business operations. As a practice, EDC monitors closely its collection from NPC and charges interest on delayed payments following the provision of its respective SSAs and PPAs. 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 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 June 30, 2015 and December 31, 2014

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Financial assets accounted for as cash flow hedge		
Derivative assets	\$5,155	\$5,006
Financial assets at FVPL		
Designated as at FVPL	22,710	11,708
Loans and receivables		
Cash and cash equivalents*	857,482	670,739
Receivables:		
Trade	316,102	369,876
Due from related parties	2,084	2,521
Others	22,504	14,588
Long-term receivables	1,962	763
Special deposits and funds	2,703	2,446
Other current assets	844	322
Total loans and receivables	1,203,681	1,061,255
<i>(Forward)</i>		

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
AFS financial assets		
Debt securities	5,773	5,811
Equity securities	679	591
Proprietary club membership shares	1,014	1,014
Total AFS financial assets	7,466	7,416
	\$1,239,012	\$1,085,385

* 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 June 30, 2015 and December 31, 2014:

June 30, 2015 (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	\$857,482	\$–	\$–	\$–	\$–	\$–	\$857,482
Trade receivables	250,942	5,340	2,628	57,192	–	2,021	318,123
Due from related parties	2,084	–	–	–	–	–	2,084
Other receivables	9,614	2,760	10,078	52	–	–	22,504
Long-term receivables	1,962	–	–	–	–	1,384	3,346
Special deposits and funds	2,703	–	–	–	–	–	2,703
Other current assets	844	–	–	–	–	–	844
AFS financial assets:							
Debt securities	5,773	–	–	–	–	–	5,773
Equity securities	679	–	–	–	–	–	679
Proprietary club membership shares	1,014	–	–	–	–	–	1,014
Financial assets at FVPL - Designated as at FVPL	22,710	–	–	–	–	–	22,710
Financial assets accounted for as cash flow hedge - Derivative assets	5,155	–	–	–	–	–	5,155
Total	\$1,160,962	\$8,100	\$12,706	\$57,244	\$–	\$3,405	\$1,242,417

December 31, 2014 (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	\$670,739	\$–	\$–	\$–	\$–	\$–	\$670,739
Trade receivables	278,201	29,837	60,085	1,753	–	2,038	371,914
Due from related parties	2,521	–	–	–	–	–	2,521
Other receivables	13,484	739	333	32	–	–	14,588
Long-term receivables	763	–	–	–	–	1,782	2,545
Special deposits and funds	2,446	–	–	–	–	–	2,446
Other current assets	322	–	–	–	–	–	322
AFS financial assets:							
Debt securities	5,811	–	–	–	–	–	5,811
Equity securities	591	–	–	–	–	–	591
Proprietary club membership shares	1,014	–	–	–	–	–	1,014
Financial assets at FVPL - Derivative assets	11,708	–	–	–	–	–	11,708
Financial assets accounted for as cash flow hedge - Derivative assets	5,006	–	–	–	–	–	5,006
Total	\$992,606	\$30,576	\$60,418	\$1,785	\$–	\$3,820	\$1,089,205

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. ‘Low grade’ accounts are accounts, which have probability of impairment based on historical trend. These accounts show propensity of default in payment despite regular follow-up actions and extended payment terms.

As of June 30, 2015 and December 31, 2014, substantially all financial assets are viewed by management as ‘high grade’, considering the collectability of the receivables and the credit history of the counterparties.

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 NPC as its major customer. Any failure on the part of NPC to pay its 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, in the case of EDC.

The table below shows the risk exposure in respect to credit concentration of First Gen Group as of June 30, 2015 and December 31, 2014:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Trade receivables from Meralco	\$144,450	\$181,152
Trade receivables from NPC	56,500	83,615
Total credit concentration risk	\$200,950	\$264,767
Total receivables	\$340,690	\$386,985
Credit concentration percentage	59.0%	68.4%

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 six-month period ended June 30, 2015 and the year ended December 31, 2014.

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.

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Long-term debts (current and non-current portions)	\$2,872,262	\$2,845,038
Loans payable	26,496	–
Total debt	\$2,898,758	\$2,845,038
Equity attributable to the equity holders of the Parent		
Company	\$1,724,646	\$1,498,081
Non-controlling interests	430,003	414,525
Total equity	\$2,154,649	\$1,912,606
Total debt and equity	\$5,053,407	\$4,757,644
Debt ratio	57:43	60:40

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 June 30, 2015 and December 31, 2014, First Gen Group is in compliance with those covenants.

19. 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 June 30, 2015 and December 31, 2014 that are carried in the unaudited interim condensed consolidated financial statements:

	June 30, 2015 (Unaudited)		December 31, 2014 (Audited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Financial assets accounted for as cash flow				
hedges -				
Derivative assets	\$5,155	\$5,155	\$5,006	\$5,006
Financial assets at FVPL -				
Designated as at FVPL	22,710	22,710	11,708	11,708
Loans and receivables:				
Cash and cash equivalents	864,059	864,059	673,893	673,893
Receivables:				
Trade	316,102	316,102	369,876	369,876
Due from related parties	2,084	2,084	2,521	2,521
Others	22,504	22,504	14,588	14,588
Long-term receivables	3,346	1,962	763	718
Special deposits and funds	2,703	2,703	2,446	2,446
Other current assets	844	844	322	322
Total loans and receivables	1,211,642	1,210,258	1,064,409	1,064,364
AFS financial assets -				
Debt securities	5,773	5,773	5,811	5,811
Equity securities	679	679	591	591
Proprietary club membership shares	1,014	1,014	1,014	1,014
Total AFS financial assets	7,466	7,466	7,416	7,416
	\$1,246,973	\$1,245,589	\$1,088,539	\$1,088,494

	June 30, 2015 (Unaudited)		December 31, 2014 (Audited)	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Liabilities				
Financial liabilities carried at amortized cost:				
Accounts payable and accrued expenses*	\$437,371	\$437,371	\$302,465	\$302,465
Due to related parties	145	145	146	146
Dividends payable	19,550	19,550	20,056	20,056
Loans payable	26,496	26,496	–	–
Long-term debts	2,872,262	3,066,329	2,845,038	3,258,600
Total financial liabilities at amortized cost	3,355,824	3,549,891	3,167,705	3,581,267
Financial liability accounted for as cash flow hedges -				
Derivative liabilities	28,902	28,902	33,347	33,347
	\$3,384,726	\$3,578,793	\$3,201,052	\$3,614,614

* 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 related parties, dividends payable, and loans 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 2.82% and 3.06% as of June 30, 2015 and December 31, 2014, 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 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 0.3213% to 2.2470% and 0.2523% to 1.6590% as of June 30, 2015 and December 31, 2014, respectively.

Parent Company & FNPC long-term debts

The fair values of the Parent Company 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 June 30, 2015 and December 31, 2014 ranging from 0.189% to 2.567% and 0.0111% to 2.515%, respectively.

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

The fair values for EDC's and FG Hydro's long-term debts are estimated using the discounted cash flow methodology with the applicable rates ranging from 1.75% to 4.05% on June 30, 2015 and 1.76% to 6.71% on December 31, 2014. The fair value of Red Vulcan's Staple Financing was computed by discounting the instrument's expected future cash flows using the prevailing credit-adjusted PDST-F interest rates ranging from 2.22% to 3.37% on June 30, 2015 and 2.54% to 3.45% on December 31, 2014.

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.

	June 30, 2015 (Unaudited)			
	Fair value	Level 1	Level 2	Level 3
Loans and receivables:				
Long-term receivables	\$1,962	\$–	\$–	\$1,962
AFS financial assets:				
Debt securities	5,773	5,773	–	–
Equity securities	679	679	–	–
Financial assets accounted for as cash flow hedges - Derivative assets	5,155	–	5,155	–
Financial assets at FVPL – Designated as at FVPL	22,710	–	22,710	–
Financial liabilities accounted for as cash flow hedges - Derivative liabilities	28,902	–	28,902	–
December 31, 2014 (Audited)				
	Fair value	Level 1	Level 2	Level 3
Loans and receivables:				
Long-term receivables	\$718	\$–	\$–	\$718
AFS financial assets:				
Debt securities	5,811	5,811	–	–
Equity securities	591	591	–	–
Financial assets accounted for as cash flow hedges - Derivative assets	5,006	–	5,006	–
Financial assets at FVPL - Derivative assets	11,708	–	11,708	–
Financial liabilities accounted for as cash flow hedges - Derivative liabilities	33,347	–	33,347	–

As of June 30, 2015 and December 31, 2014, 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 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 table below shows the fair value of First Gen Group's outstanding derivative financial instruments, reported as assets or liabilities, together with their notional amounts as of June 30, 2015 and December 31, 2014 (amounts in millions). The notional amount is the basis upon which changes in the value of derivatives are measured.

	June 30, 2015 (Unaudited)			December 31, 2014 (Audited)		
	Derivative Assets	Derivative Liabilities	Notional Amount	Derivative Assets	Derivative Liabilities	Notional Amount
Derivatives Designated as Accounting Hedges						
Freestanding derivatives -						
Interest rate swaps	\$0.85	\$28.90	\$523.30	\$1.56	\$29.21	\$398.11
Cross currency swaps	4.30	–	\$110.00	3.45	3.79	\$110.00
Foreign currency forwards	–	–		–	0.35	€8.00
Total derivatives	\$5.15	\$28.90		\$5.01	\$33.35	
Presented as:						
Current	\$0.66	\$0.05		\$0.49	\$0.42	
Noncurrent	4.49	28.85		4.52	32.93	
Total derivatives	\$5.15	\$28.90		\$5.01	\$33.35	

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 and Euro denominated payables, 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 Standard Chartered Bank. 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 12).

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 June 30, 2015 and December 31, 2014, 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 \$18.3 million (net of related deferred tax effect of \$7.8 million) and \$29.2 million (net of related deferred tax effect of \$8.8 million), respectively.

Interest Rate Swap - FGP

In April 2013, FGP entered into two interest rate swap agreements with ING Bank and Standard Chartered Bank to hedge its floating rate exposure on \$80.0 million of its \$420.0 million term loan facility (see Note 12). Under the interest rate swap agreements, FGP pays fixed rate of 1.425% and receives 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 fixed rate of 1.28% and receives 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 hedged loan. The interest rate swaps were designated as cash flow hedges and will mature on June 10, 2020.

As of June 30, 2015 and December 31, 2014, 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 \$0.6 million (net of related deferred income tax effect of \$0.3 million) and \$1.6 million (net of related deferred income tax effect of \$1.1 million), respectively.

There was no ineffective portion recognized in the unaudited interim consolidated statements of income for the six-month periods ended June 30, 2015 and 2014.

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 June 30, 2015 and December 31, 2014 are as follows:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Notional amount	\$373,303	\$398,106
Cumulative mark-to-market losses	(26,117)	(29,207)
Cumulative mark-to-market gains	852	1,558

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

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Fair value at beginning of period	(\$27,649)	(\$31,386)
Fair value changes taken into equity during the period	(4,110)	(10,539)
Fair value changes realized during the period	6,494	14,276
Fair value at end of period	(25,265)	(27,649)
Deferred tax effect on cash flow hedges	7,579	8,295
Fair value deferred into equity	(\$17,686)	(\$19,354)

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 change realized during the period was 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 six-month periods ended June 30, 2015 and 2014, the fair value changes taken to the unaudited interim consolidated statements of income amounted to \$6.5 million and \$3.7 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%	3-month LIBOR + 175 bps
\$10.00	05/03/12	06/27/12	06/17/17	42.10	4.76%	3-month LIBOR + 175 bps
\$10.00	06/15/12	06/27/12	06/17/17	42.10	4.73%	3-month LIBOR + 175 bps
\$10.00	07/17/12	09/27/12	06/17/17	41.25	4.58%	3-month LIBOR + 175 bps
\$10.00	10/29/12	12/27/12	06/17/17	41.19	3.44%	3-month LIBOR + 175 bps
\$7.50	05/14/14	06/27/14	06/17/17	43.60	3.80%	3-month LIBOR + 175 bps
\$7.50	05/14/14	06/27/14	06/17/17	43.57	3.80%	3-month LIBOR + 175 bps
\$7.50	06/09/14	06/27/14	06/17/17	43.55	3.60%	3-month LIBOR + 175 bps
\$7.50	06/09/14	06/27/14	06/17/17	43.55	3.60%	3-month LIBOR + 175 bps
\$7.50	07/10/14	9/27/14	06/17/17	43.29	3.50%	3-month LIBOR + 175 bps
\$7.50	07/09/14	9/27/14	06/17/17	43.37	3.68%	3-month LIBOR + 175 bps

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

As of June 30, 2015 and December 31, 2014, the outstanding aggregate notional amount of EDC's NDCCS amounted to \$110.0 million. The aggregate fair value changes on these NDCCS amounting to \$1.1 million gain and \$0.2 million loss were recognized by EDC under "Cumulative translation adjustments" account in the unaudited interim consolidated statements of financial position as of June 30, 2015 and December 31, 2014, respectively.

Interest Rate Swap Contracts – EDC

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 US 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 USD-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.

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
9.00	10/20/14	12/15/14	10/23/29	2.508	6-month LIBOR

The maturity dates of the four IRS coincide with the maturity date of the Foreign Facility.

As of June 30, 2015 and December 31, 2014, the outstanding aggregate notional amount of EBWPC's IRS amounted to \$150.0 million. The aggregate fair value changes on these IRS amounted to \$2.8 million and \$3.8 million loss as of June 30, 2015 and December 31, 2014, 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 \$0.7 million and \$89.1million loss as of June 30, 2015 and December 31, 2014, respectively, were recognized under the “Cumulative translation adjustments” account in the unaudited consolidated statements of financial position. No ineffective portion was recognized in the unaudited interim consolidated statements of income for the six-month period ended June 30, 2015 and year ended December 31, 2014.

As of June 30, 2015 and December 31, 2014, the net movement of changes made to “Cumulative translation adjustments” account for EDC’s cash flow hedges are as follows:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balance at beginning of period	(\$3,710)	(\$1,065)
Fair value change taken into equity during the period	(699)	(89,137)
Fair value change realized during the period	2,587	87,673
Foreign exchange gain (loss) realized taken to unaudited interim consolidated statements of income	413	(1,181)
	(1,409)	(3,710)
Deferred income tax effect on cash flow hedges	(22)	(352)
Fair value deferred into equity	(\$1,431)	(\$4,062)

Foreign Currency Forwards - FGPC and FGP

On October 31, 2014, FGPC and FGP both entered into several currency forwards with ING Bank N.V. Manila Branch (ING) to purchase European Euro at fixed Euro to U.S. dollar exchange rates. FGPC and FGP designated these derivatives as effective hedging instruments that will address the risk on variability of cash flows due to foreign exchange fluctuations in Euro to U.S. dollar exchange rates related to its Euro denominated liabilities arising from the monthly operations and maintenance fees to SPOI.

Under the agreements, FGPC and FGP are obligated to buy Euro from ING amounting to €2.5 million and €1.5 million, respectively, based on the agreed strike exchange rates. The settlement of each of the forward contract is from January 6, 2015 up to February 3, 2015 which coincides with the settlement of the outstanding and forecasted monthly payables to SPOI.

As of June 30, 2015 and December 31, 2014, the outstanding notional amount of the foreign currency forward contracts designated as cash flow hedges amounted to nil and €8.0 million, respectively. The aggregate negative fair value of the foreign currency forward contracts that was deferred to “Cumulative translation adjustments” account in the unaudited interim consolidated statements of financial position amounted to nil and \$0.2 million (net of related deferred income tax effect of \$0.1 million) for the six-month period ended June 30, 2015 and for the year ended December 31, 2014, respectively.

The net movements in the fair value changes of foreign currency forwards of FGPC and FGP are as follows:

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Notional amount	€–	€8,000,000
Mark-to-market loss	–	(345)

	June 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Fair value at beginning of period	(\$345)	\$–
Fair value change taken into other comprehensive income during the period	(437)	(345)
Fair value change realized during the period	782	–
Fair value at end of period	–	(345)
Less deferred income tax effect	–	103
Fair value at end of period deferred into equity	\$–	(\$242)

20. Other Matters

Explanatory comments about the seasonality or cyclical nature of interim operations

Except for FG Hydro’s and FG Bukidnon’s sale of electricity coming from hydroelectric power/operations, seasonality or cyclical nature 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. GCGI’s sales to cooperatives and industries are also not subject to seasonality or cyclical nature.

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, the solar power plant 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, 2014.

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.

Arbitration case

On April 14, 2015, BGI received a request for arbitration filed by its contractor Weir Engineering Services Limited ("WEIR") with the Construction Industry Arbitration Commission in respect of alleged unpaid balance of contract price, legal interest and attorney's fees, liquidated damages, and sums due to BGI in relation to defects and damage caused by workmanship. WEIR had been engaged by BGI in 2012 for the completion of works to the steam turbine and generator of BacMan Units 1 to 3.

On April 20, 2015, BGI filed a request for arbitration ("Request") of its dispute against WEIR with the International Court of Arbitration of the International Chamber of Commerce.

The Request seeks the payment in BGI's favor of the amount of at least US\$8,818,667.00 (exclusive of interest) on account of WEIR's breaches of the Contract for Works – Completion of Works to Steam Turbine and Generator of Units 1, 2 and 3 dated March 29, 2012 (the "Contract") entered into between BGI as "Employer" and WEIR as "Contractor", whereby BGI engaged WEIR to carry out rehabilitation works on steam turbine, generator and rotor installations in three existing power-generating units at BGI's Bacon-Manito geothermal power plant ("BacMan Plant"): Units 1 and 2 at the BacMan I Plant in Palayan, and Unit 3 at the BacMan II Plant in Cawayan.

21. Events After Financial Reporting Period

Parent Company

Declaration of Cash Dividends

On July 22, 2015, the BOD of the Parent Company approved the declaration of cash dividends on its issued and outstanding common stocks at the rate of ₱0.35 a share with record date of August 5, 2015 and payment date of August 20, 2015.

Incorporation of a new subsidiary

On July 21, 2015, the Philippine SEC approved the issuance of Certificate of Incorporation to FGEN Power Operations, Inc. The company has an authorized capital stock of ₱40.0 million divided into 40 million shares with a par value of ₱1.00 per share.