First Gen

November 13, 2015

The Philippine Stock Exchange, Inc.
3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue cor. Paseo de Roxas
Makati City

Attention: ***Ms. Janet A. Encarnacion***
Head, Disclosure Department

Gentlemen:

Attached please find a duly-accomplished SEC Form 17-Q (Quarterly Report) for the quarterly period ended September 30, 2015.

Thank you.

Very truly yours,

RACHEL R. HERNANDEZ
Corporate Secretary

COVER SHEET

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SEC Registration Number

FIRST GEN CORPORATION

(Company's Full Name)

3F Benpres Bldg., Exchange Road, Pasig City

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

Rachel R. Hernandez
(Contact Person)

449-6281
(Company Telephone Number)

1 2 Month **3 1** Day

Fiscal Year

SEC Form 17Q
FORM TYPE

2nd Wed of May
Month Day

Annual Meeting

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

355
Total No. of Stockholders

$1,496,061 (in thousands)
Domestic

$1,439,093 (in thousands)
Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

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 **September 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)

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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 September 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 [**X**] 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 [**X**] No [ ]

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

Yes [**X**] 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 September 30, 2015 (with comparative audited figures as of December 31, 2014) and for the nine-month periods ended September 30, 2015 and 2014.

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

<u>Brief Description of the General Nature and Scope of the Business of the Registrant and its Subsidiaries</u>

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 Terracota Holdings Corporation (Prime Terracota) and Red Vulcan Holdings Corporation (Red Vulcan). FGEN has a 40.0% direct economic interest in FG Hydro. As of September 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 September 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 September 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 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 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 September 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. FG Hydro is currently undertaking the Masiway Rehabilitation Project (MRP) to address equipment obsolescence specifically on the turbine protection, excitation and governor systems, power transformers and circuit breakers. The MRP commenced on August 21, 2015, and is expected to be completed by December 6, 2015.

- 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 SEPTEMBER 30, 2015 AND 2014

Unaudited Consolidated Statements of Income	**For the nine-month periods ended September 30**	
(Amounts in USD thousands)	**2015**	**2014**
Revenues from sale of electricity	**$1,399,627**	$1,426,193
Income from before income tax	**$238,144**	$336,207
Net income attributable to Equity Holders of the Parent Company	**$119,892**	$162,820

Consolidated Statements of Financial Position	**As of the periods ended**	
(Amounts in USD thousands)	**Sept. 30, 2015**	**Dec. 31, 2014**
	(Unaudited)	*(Audited)*
ASSETS		
Total Current Assets	$1,429,790	$1,219,225
Property, plant and equipment – net	2,676,840	2,523,991
Goodwill and Intangible assets	1,141,274	1,207,514
Deferred income tax assets – net	27,407	27,874
Other noncurrent assets	339,362	308,671
Total Assets	**$5,614,673**	$5,287,275
LIABILITIES AND EQUITY		
Total Current Liabilities	$673,280	$728,699
Long-term debts – net of current portion	2,744,605	2,512,769
Derivative liabilities – net of current portion	35,437	32,926
Retirement and other post-employment benefits	44,129	40,409
Deferred income tax liabilities – net	21,400	20,381
Other noncurrent liabilities	43,369	39,485
Total Liabilities	**3,562,220**	3,374,669

Consolidated Statements of Financial Position (Amounts in USD thousands)	As of the periods ended Sept. 30, 2015 (Unaudited)	Dec. 31, 2014 (Audited)
Equity Attributable to Equity Holders of the Parent Company	1,657,118	1,498,081
Non-controlling Interests	395,335	414,525
Total Equity	**2,052,453**	1,912,606
Total Liabilities and Equity	**$5,614,673**	$5,287,275

RESULTS OF OPERATIONS

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

CONSOLIDATED STATEMENTS OF INCOME

Revenues from sale of electricity

Revenues for the first three quarters of 2015 decreased by $26.6 million, or 1.9%, to $1,399.6 million compared to $1,426.2 million for the same period in 2014. The decline was mainly due to lower fuel revenues during the period, which declined by $71.6 million, or 11.1%, from $642.9 million in 2014 to $571.3 million in 2015. The decrease in fuel revenues was a result of lower gas prices in 2015 (an average of $9.4/MMBtu in 3Q 2015 compared to an average of $12.5/MMBtu in 3Q 2014), partially offset by the higher dispatch of the gas plants (a combined average net capacity factor of 80.6% in 3Q 2015 as compared to 69.8% in 3Q 2014) following the return of Santa Rita's Unit 40 in July 2014.

The decline was partially offset by a $44.0 million, or 8.5%, increase in EDC's consolidated revenues due to an increase in revenue contributions from the Burgos Project (Burgos), Nasulo Geothermal Project (Nasulo), and Bac-Man Geothermal Inc. (BacMan) partially offset by a decline in revenues of the Tongonan Geothermal (Tongonan) plant due to unplanned outages. This decline was likewise partially offset by an increase in FG Hydro's revenues primarily due to the absence of a $5.6 million revenue adjustment in 2014 as a result of the re-computation of spot prices for the November and December 2013 billings as ordered by the Energy Regulatory Commission (ERC).

Net Income

First Gen's consolidated net income decreased by $94.4 million, or 34.3%, to $180.5 million for the first three quarters of 2015 from $274.9 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 $100.4 million, or 43.7%, primarily due to higher cost of sales, absence of the reversal of the impairment provision in 2014 of EDC's Northern Negros Geothermal Project (NNGP) plant assets amounting to $46.4 million, decline in revenue contributions from Tongonan due to unplanned outages, higher unrealized foreign exchange losses, higher general and administrative (G&A) expenses and higher interest expenses, which primarily resulted from the $315.0 million debt facility secured for Burgos. This was supplemented by a decrease in FG Hydro's net income contribution as a result of the expiration of its Income Tax Holiday (ITH) in April 2014. The decrease was partially offset by EDC's higher revenue contributions from Burgos, Nasulo and BacMan; and,

- higher Parent Company expenses by $1.5 million, or 4.7%, in 2015 primarily due to higher staff costs from on-going expansion projects, and unrealized foreign exchange losses in 2015.

The above items were partially offset by an increase in the First Gas Plants' attributable net income contribution by $2.0 million, mainly due to lower interest expense and financing charges, partially offset by higher G&A and income tax expenses.

Net Income Attributable to Equity Holders of the Parent Company

The net income attributable to the Parent Company decreased by $42.9 million, or 26.4%, to $119.9 million for the first three quarters of 2015, compared to $162.8 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 $50.0 million, or 42.2%, primarily due to higher cost of sales, absence of the reversal of the impairment provision of NNGP plant assets amounting to $46.4 million in 2014, decline in revenue contributions from Tongonan due to unplanned outages, higher foreign exchange losses, higher G&A expenses and higher interest expenses, which primarily resulted from the $315.0 million debt facility secured for Burgos. This was supplemented by a decrease in FG Hydro's net income contribution as a result of the expiration of its ITH in April 2014. The decrease was partially offset by EDC's higher revenue contributions from Burgos, Nasulo and BacMan; and,

- higher Parent Company expenses by $1.5 million, or 4.7%, in 2015 primarily due to higher staff costs from on-going expansion projects, and unrealized foreign exchange losses in 2015.

The above items were partially offset by an increase in the First Gas Plants' attributable net income contribution by $2.0 million, mainly due to lower interest expense and financing charges, partially offset by higher G&A and income tax expenses.

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 $327.4 million, or 6.2%, to $5,614.7 million as of September 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 $152.8 million, or 6.1%, primarily due to the construction of First Gen's Avion and San Gabriel power plants, and EDC's drilling activities in Palinpinon Geothermal Power Plant (Palinpinon) and Unified Leyte Geothermal Energy Inc. (Unified Leyte). The increase was partially offset by the depreciation of existing property, plant and equipment;

- Other current assets increased by $146.2 million, or 244.9%, mainly due to First Gen's $67.7 million increase in financial assets at fair value through profit or loss (FVPL) due to its money market investments. This was likewise supplemented by a $29.7 million increase in input value-added tax (VAT) as a result of purchases related to the construction of the San Gabriel and Avion power plants. In addition, EDC had incremental funding in its debt service reserve accounts amounting to $18.5 million in relation to the loan availed by Green Core Geothermal Inc. (GCGI), and higher prepaid expenses;

- Cash and cash equivalents increased by $146.0 million, or 21.7%, mainly due to the proceeds of GCGI's ₱8.5 billion project finance loan secured on March 18, 2015, FNPC's $99.2 million additional drawdown from its KfW IPEX-Bank of Germany (KfW) loan, and the proceeds from the Parent Company's $200.0 million note facility secured from BDO Unibank Inc., partially offset by the full prepayment of its existing $100.0 million note facility. The increase was further supplemented by cash generated from operations, but partially offset by additions to property, plant and equipment for various growth projects and dividends paid to preferred and common shareholders;

- Other noncurrent assets increased by $30.7 million, or 9.9%, 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. Likewise, the increase is supplemented by EDC's higher long-term receivables, prepaid expenses, and input VAT resulting from its purchases during the period. The account was partially offset by lower deferred DIC resulting from the smaller undrawn portion of FNPC's KfW loan; and,

- Inventories increased by $6.2 million, or 6.2%, primarily due to the purchase of additional materials and supplies of EDC, partially offset by lower fuel inventories of both FGP and FGPC as this was utilized during the Malampaya outage and during various gas curtailments experienced throughout the period.

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

- Receivables decreased by $87.8 million, or 22.7%, mainly as a result of lower trade receivables of FGPC and FGP from Meralco, and lower trade receivables of EDC from NPC due to timely collections. It should likewise be noted that the balance as of September 30, 2015 only includes the September 2015 billing period, while the balance as of December 31, 2014 includes the November and December 2014 billing periods; and,

- Goodwill and Intangible assets decreased by $66.2 million, or 5.5%, mainly due to foreign exchange translation.

LIABILITIES AND EQUITY

Total liabilities increased by $187.6 million, or 5.6%, to $3,562.2 million as of September 30, 2015 from $3,374.7 million as of December 31, 2014 due to the following movements in major accounts:

- Total long-term debt increased by $90.1 million, or 3.2%, mainly due to GCGI's ₱8.5 billion project finance loan secured on March 18, 2015, FNPC's $99.2 million additional drawdown during the first three quarters of 2015, and the Parent Company's $200.0 million BDO notes facility which was signed on September 22, 2015 partially offset by the prepayment of its $100.0 million notes facility in the same month. This is partially offset by scheduled repayments during the period;

- Accounts payable and accrued expenses increased by $77.9 million, or 21.2%, primarily due to higher payables to liquid fuel suppliers of FGPC and FGP for the fuel delivered to the gas plants for the scheduled Malampaya outage from March to April 2015, and higher trade payables of EDC for the period. The increase was partially offset by a decrease in payables to Shell Philippines Exploration B,V (SPEX) due to the lower average gas prices during the period;

- 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 which was consumed during the Malampaya outage in March and April 2015;

- Other noncurrent liabilities increased by $3.9 million, or 9.8%, mainly due to the recognition of $1.5 million in unearned revenue pertaining to prepaid gas expenses of FGPC supplemented by the costs associated with the resolution of EDC's pending assessments from various agencies;

- Retirement and other post-employment benefit liabilities increased by $3.7 million, or 9.2%, primarily due to a regular retirement expense that EDC recognized during the period;

- Total derivative liabilities increased by $2.4 million, or 7.6%, to $35.8 million as of September 30, 2015 from $33.3 million at the beginning of the year. The increase was mainly due to unfavorable movements in the MTM valuation of Burgos' derivative instruments partially offset by favorable movements in FGPC's interest rate swaps;

- Income tax payable increased by $2.0 million, or 22.7%, primarily due to higher taxes payable of FGPC as a result higher taxable income and the expiry of FG Hydro's ITH in April 2014; and,

- Deferred income tax liabilities increased by $1.0 million, primarily due to the higher tax liabilities of FGPC following the depreciation of the Philippine Peso from ₱44.72:$1.00 in December 2014 to ₱46.74:$1.00 in September 2015.

The above increases in the total liabilities of the First Gen Group were partially offset by a decrease in dividends payable from $20.1 million as of the end of 2014 to nil as of September 30, 2015 primarily due to the payment of dividends to preferred shareholders.

Total equity increased by $139.8 million, or 7.3%, to $2,052.5 million as of September 30, 2015 compared to $1,912.6 million as of December 31, 2014. The increase was brought about by higher additional paid-in capital mainly as a result of the premium on the additional common shares issued by First Gen through the private placement last January 21, 2015. The increase was likewise due to higher retained earnings due to the attributable earnings of the Company during the first three quarters of 2015, net of dividends paid to preferred and common shareholders. This was further supplemented by a decrease in common stock held in treasury as a result of the same private placement. These increases were partially offset by the movement in the cumulative translation adjustments account, primarily due to unfavorable movements in foreign exchange rates.

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

CONSOLIDATED STATEMENTS OF INCOME

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

			HORIZONTAL ANALYSIS		VERTICAL ANALYSIS	
	Sep-15	**Sep-14**	**2015 vs. 2014**	**2015 vs. 2014**	**Sep-15**	**Sep-14**
Revenues from sale of electricity	$1,399,627	$1,426,193	($26,566)	-1.9%	100.0%	100.0%
TOTAL REVENUES	1,399,627	1,426,193	(26,566)	-1.9%	100.0%	100.0%
OPERATING EXPENSES						
Costs of sale of electricity	(874,376)	(892,728)	18,352	-2.1%	-62.5%	-62.6%
General and administrative expenses	(156,460)	(143,410)	(13,050)	9.1%	-11.2%	-10.1%
Sub-total	(1,030,836)	(1,036,138)	5,302	-0.5%	-73.7%	-72.7%
FINANCIAL INCOME (EXPENSE)						
Interest income	7,215	4,711	2,504	53.2%	0.5%	0.3%
Interest expense and financing charges	(135,387)	(123,631)	(11,756)	9.5%	-9.7%	-8.7%
Sub-total	(128,172)	(118,920)	(9,252)	7.8%	-9.2%	-8.3%
OTHER INCOME (CHARGES)						
Foreign exchange losses – net	(26,970)	(4,241)	(22,729)	535.9%	-1.9%	-0.3%
Proceeds from insurance claims of EDC and FGP	26,954	14,954	12,000	80.2%	1.9%	1.0%
Mark-to-market (MTM) gain on financial assets at fair value through profit of loss (FVPL)	300	195	105	53.8%	0.0%	0.0%
MTM gain on derivatives – net	-	155	(155)	-100.0%	0.0%	0.0%
Reversal of impairment provision of property, plant and equipment	-	46,361	(46,361)	-100.0%	0.0%	3.3%
Others – net	(2,759)	7,648	(10,407)	-136.1%	-0.2%	0.5%
Sub-total	(2,475)	65,072	(67,547)	-103.8%	-0.2%	4.6%
INCOME BEFORE INCOME TAX	**238,144**	**336,207**	**(98,063)**	**-29.2%**	**17.0%**	**23.6%**
Provision for Income Tax						
Current	56,468	55,686	782	1.4%	4.0%	3.9%
Deferred	1,186	5,664	(4,478)	-79.1%	0.1%	0.4%
	57,654	61,350	(3,696)	-6.0%	4.1%	4.3%
NET INCOME	**$180,490**	**$274,857**	**($94,367)**	**-34.3%**	**12.9%**	**19.3%**
Net income attributable to:						
Equity holders of the Parent Company	$119,892	$162,820	($42,928)	-26.4%	8.6%	11.4%
Non-controlling Interests	$60,598	$112,037	($51,439)	-45.9%	4.3%	7.9%

Revenues from sale of electricity

Revenues for the first three quarters of 2015 decreased by $26.6 million, or 1.9%, to $1,399.6 million compared to $1,426.2 million for the same period in 2014. The decline was mainly due to lower fuel revenues during the period, which declined by $71.6 million, or 11.1%, from $642.9 million in 2014 to $571.3 million in

2015. The decrease in fuel revenues was a result of lower gas prices in 2015 (an average of $9.4/MMBtu in 3Q 2015 compared to an average of $12.5/MMBtu in 3Q 2014), partially offset by the higher dispatch of the gas plants (a combined average net capacity factor of 80.6% in 3Q 2015 as compared to 69.8% in 3Q 2014) following the return of Santa Rita's Unit 40 in July 2014.

The decline was partially offset by a $44.0 million, or 8.5%, increase in EDC's consolidated revenues due to an increase in revenue contributions from the Burgos, Nasulo, and BacMan, partially offset by a decline in revenues of the Tongonan plant due to unplanned outages. This decline was likewise partially offset by an increase in FG Hydro's revenues primarily due to the absence of a $5.6 million revenue adjustment in 2014 as a result of the re-computation of spot prices for the November and December 2013 billings as ordered by the ERC.

Costs of sale of electricity

The costs of sale of electricity for the period ended September 30, 2015 decreased by $18.4 million, or 2.1%, to $874.4 million in 2015 as compared to $892.7 million for the same period in 2014. The decrease was due to the movements in major expense items as explained in detail below:

Fuel cost
The decrease in costs of sale of electricity for the first three quarters of 2015 was mainly due to a decrease in fuel costs by $73.3 million, or 11.5%, to $565.4 million in 2015 compared to $638.7 million in 2014. This was mainly due to lower average gas prices from $12.5/MMBtu in 3Q 2014 to $9.4/MMBtu in 3Q 2015. This was partially offset by the higher dispatch of Santa Rita and San Lorenzo in 2015 (a combined average net capacity factor of 80.6% in 3Q 2015 as compared to 69.8% in 3Q 2014).

Operations and Maintenance (O&M)
O&M expense increased by $24.3 million, or 20.8%, in the first three quarters 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 primarily for the restoration of field facilities and typhoon-proofing expenses incurred by EDC's Leyte field facility. The increase was partially offset by Santa Rita's and San Lorenzo's lower O&M expense primarily due to weakening of the Euro supplemented by the cap placed on chargeable net electrical output upon reaching a certain equivalent operating hours during a given contract year. The First Gas Plants' O&M expenses are denominated in Philippine Peso, U.S. Dollars, and Euro.

Depreciation and Amortization
Depreciation and amortization for the first three quarters of 2015 increased by $21.8 million, or 19.7%, mainly due to the higher depreciation expenses of EDC and its subsidiaries following the commercial operations of BacMan, Nasulo and Burgos.

Other Costs of Sale
For the period ended September 30, 2015, other costs of sale increased by $8.9 million, or 33.2%, primarily due to the higher rental, insurance, and tax expenses of EDC.

General and Administrative (G&A) Expenses

G&A expenses increased by $13.1 million, or 9.1%, to $156.5 million for the first three quarters of 2015, compared to $143.4 million during the same period in 2014. This was primarily a result of a $9.9 million increase in staff costs of FGPC, First Gen Parent, and EDC, mainly due to additional staffing requirements needed for the various growth projects of the Company supplemented by merit increases and performance incentives given in 3Q15. The increase was likewise due to a $2.6 million increase in professional fees primarily from EDC's higher purchased professional and technical services for its Leyte, BacMan, and Palinpinon administrative activities supplemented by higher personnel-related costs, as well as increased business related expenses. These increases were partially offset by a $3.3 million decrease in taxes and licenses booked in 2015, mainly due to the payment of EDC's deficiency taxes in 2014.

Interest income

Interest income increased by $2.5 million, or 53.2%, to $7.2 million for the first three quarters of 2015 from $4.7 million in the same period of 2014 primarily due to higher interest income on investments and short-term placements as a result of higher weighted average interest rates and higher cash levels in the first three quarters of 2015 compared to the same period in 2014.

Interest expense and financing charges

Interest expense and financing charges increased by $11.8 million, or 9.5%, to $135.4 million in the first three quarters of 2015 from $123.6 million in the same period in 2014. The higher interest expense mainly resulted from the $315.0 million debt facility secured for the Burgos project in October 2014 partially offset by debt service payments on the existing loans.

Foreign exchange losses – net

For the first three quarters of 2015, First Gen Group recognized unrealized foreign exchange losses of $27.0 million, an increase of $22.7 million from the $4.2 million booked in the same period in 2014. This was primarily due to unrealized foreign exchange losses incurred by EDC, First Gen Parent, and FGP supplemented by lower foreign exchange gains of FGPC in 2015 as a result of the depreciation of the Philippine Peso against the U.S. dollar in 2015 (₱46.74:$1.00 as of September 30, 2015 from ₱44.72:$1.00 as of end-2014) compared to the movement of the Philippine Peso in 2014 (₱44.88:$1.00 as of September 30, 2014 from ₱44.40:$1.00 as of end-2013).

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

In the first three quarters of 2015, MTM gain on derivatives and MTM gain on financial assets at FVPL amounted to $0.3 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 decreased by $44.8 million, or 64.9%, to $24.2 million in the first three quarters of 2015 from $69.0 million in the same period of 2014 primarily due to the absence of the reversal of the impairment provision of NNGP and EDC's gain on sale of rigs booked in 2014. The decrease was partially offset by the receipt of insurance claims of EDC and FGP in 2015 amounting to $18.4 million and $8.5 million, respectively.

EDC booked partial insurance claims relating to damages sustained by the Leyte power plants caused by Typhoon Yolanda, the Palinpinon 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 decreased by $3.7 million, or 6.0%, to $57.7 million in the first three quarters of 2015 from $61.4 million in 2014. This was mainly due to the lower provision by EDC for deferred income taxes in 2015 as a result of the reversal of the previous impairment provision of the NNGP plant assets in 2014. This was partially offset by a slightly higher provision for current income tax mainly due to higher taxable income of First Gen's subsidiaries namely FGP, FGPC, and FG Hydro.

Net Income

First Gen's consolidated net income decreased by $94.4 million, or 34.3%, to $180.5 million for the first three quarters of 2015 from $274.9 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 $100.4 million, or 43.7%, primarily due to higher cost of sales, absence of the reversal of the impairment provision in 2014 of EDC's NNGP plant assets amounting to $46.4 million, decline in revenue contributions from Tongonan due to unplanned outages, higher unrealized foreign exchange losses, higher G&A expenses and higher interest expenses, which primarily resulted from the $315.0 million debt facility secured for Burgos. This was supplemented by a decrease in FG Hydro's net income contribution as a result of the expiration of FG Hydro's ITH in April 2014. The decrease was partially offset by EDC's higher revenue contributions from Burgos, Nasulo and BacMan; and,

- higher Parent Company expenses by $1.5 million, or 4.7%, in 2015 primarily due to higher staff costs from on-going expansion projects, and unrealized foreign exchange losses in 2015.

The above items were partially offset by an increase in the First Gas Plants' attributable net income contribution by $2.0 million, mainly due to lower interest expense and financing charges, partially offset by higher G&A and income tax expenses.

Net Income Attributable to Equity Holders of the Parent Company

The net income attributable to the Parent Company decreased by $42.9 million, or 26.4%, to $119.9 million for the first three quarters of 2015, compared to $162.8 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 $50.0 million, or 42.2%, primarily due to higher cost of sales, absence of the reversal of the impairment provision of NNGP plant assets amounting to $46.4 million in 2014, decline in revenue contributions from Tongonan due to unplanned outages, higher foreign exchange losses, higher G&A expenses and higher interest expenses, which primarily resulted from the $315.0 million debt facility secured for Burgos. This was supplemented by a decrease in FG Hydro's net income contribution as a result of the expiration of its ITH in April 2014. The decrease was partially offset by EDC's higher revenue contributions from Burgos, Nasulo and BacMan; and,

- higher Parent Company expenses by $1.5 million, or 4.7%, in 2015 primarily due to higher staff costs from on-going expansion projects, and unrealized foreign exchange losses in 2015.

The above items were partially offset by an increase in the First Gas Plants' attributable net income contribution by $2.0 million, mainly due to lower interest expense and financing charges, partially offset by higher G&A and income tax expenses.

Adjusting for non-recurring items such as proceeds from insurance and input VAT claims, expenses related to typhoon proofing, 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 $128.5 million for the first three quarters of 2015. This was $6.0 million, or 4.5%, lower than the recurring net income of $134.5 million during the same period in 2014. The decrease was mainly due to the lower recurring net income contribution of FGP, FG Hydro, EDC and its subsidiaries. The decrease partially offset by the higher recurring net income contributions of FGPC, and FGES.

Amount in USD thousands	**3Q15**	**3Q14 (As Adjusted)**
Net income attributable to the Parent Company	$119,892	$162,820
Adjustment of non-recurring items attributable to the Parent Company:		
Insurance proceeds – FGP	(6,986)	(2,460)
Insurance proceeds – EDC	(9,301)	(5,978)
Recovery of NNGP	-	(23,184)
EDC's Typhoon Proofing Expenses	7,838	-
EDC's input VAT claims written off	981	-
EDC's gain on sale of rigs and some inventory items	(5)	(4,657)
FG Hydro revenue adjustment due to re-computation of spot prices for Nov. and Dec. 2013 billings	-	3,947
Movement in deferred income tax of FGPC, FGP, FGES and Blue Vulcan	2,612	(1,396)
Movement in deferred income tax of EDC	(716)	3,098
Unrealized foreign exchange losses of FGPC, FGP, FGES and Parent	1,105	438
Unrealized foreign exchange losses of EDC, FG Hydro and Red Vulcan	13,269	2,079
MTM gain on derivatives and MTM gains on financial assets at FVPL of Parent Company	(41)	-
MTM gain on derivatives and MTM gains on financial assets at FVPL of EDC	(131)	(175)
Recurring Net Income attributable to Parent Company	**$128,517**	**$134,532**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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

(Amounts in US$ and in Thousands)	Sep-15 (Unaudited)	Dec-14 (Audited)	HORIZONTAL ANALYSIS 2015 vs. 2014	HORIZONTAL ANALYSIS 2015 vs. 2014	VERTICAL ANALYSIS (Unaudited)	VERTICAL ANALYSIS (Audited)
ASSETS						
Current Assets						
Cash and cash equivalents	$819,912	$673,893	$146,019	21.7%	14.6%	12.7%
Receivables	299,219	386,985	(87,766)	-22.7%	5.3%	7.3%
Inventories	104,827	98,675	6,152	6.2%	1.9%	1.9%
Other current assets	205,832	59,672	146,160	244.9%	3.7%	1.1%
Total Current Assets	**1,429,790**	**1,219,225**	**210,565**	**17.3%**	**25.5%**	**23.1%**
Noncurrent Assets						
Property, plant and equipment – net	2,676,840	2,523,991	152,849	6.1%	47.7%	47.7%
Goodwill and Intangible assets	1,141,274	1,207,514	(66,240)	-5.5%	20.3%	22.8%
Deferred income tax assets – net	27,407	27,874	(467)	-1.7%	0.5%	0.5%
Other noncurrent assets	339,362	308,671	30,691	9.9%	6.0%	5.8%
Total Noncurrent Assets	**4,184,883**	**4,068,050**	**116,833**	**2.9%**	**74.5%**	**76.9%**
TOTAL ASSETS	**$5,614,673**	**$5,287,275**	**$327,398**	**6.2%**	**100.0%**	**100.0%**
LIABILITIES AND EQUITY						
Current Liabilities						
Accounts payable and accrued expenses	$444,839	$366,909	$77,930	21.2%	7.9%	6.9%
Income tax payable	10,918	8,898	2,020	22.7%	0.2%	0.2%
Dividends payable	-	20,056	(20,056)	-100.0%	0.0%	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	190,549	332,269	(141,720)	-42.7%	3.4%	6.3%
Derivative liabilities	333	421	(88)	-20.9%	0.0%	0.0%
Total Current Liabilities	**673,280**	**728,699**	**(55,419)**	**-7.6%**	**12.0%**	**13.8%**
Noncurrent Liabilities						
Long-term debts – net of current portion	2,744,605	2,512,769	231,836	9.2%	48.9%	47.5%
Retirement and other post-employment benefits	44,129	40,409	3,720	9.2%	0.8%	0.8%
Derivative liabilities – net of current portion	35,437	32,926	2,511	7.6%	0.6%	0.6%
Deferred income tax liabilities – net	21,400	20,381	1,019	5.0%	0.4%	0.4%
Other noncurrent liabilities	43,369	39,485	3,884	9.8%	0.8%	0.7%
Total Noncurrent Liabilities	**2,888,940**	**2,645,970**	**242,970**	**9.2%**	**51.5%**	**50.0%**
Total Liabilities	**3,562,220**	**3,374,669**	**187,551**	**5.6%**	**63.4%**	**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%	20.8%	19.9%
Accumulated unrealized gain on Available-for-sale (AFS) financial assets	338	354	(16)	-4.5%	0.0%	0.0%
Cumulative translation adjustments	(61,862)	8,283	(70,145)	-846.9%	-1.1%	0.2%
Equity reserve	(378,304)	(372,439)	(5,865)	1.6%	-6.7%	-7.0%
Retained earnings	809,838	737,525	72,313	9.8%	14.4%	13.9%
Cost of common stock held in treasury	(22,726)	(71,997)	49,271	-68.4%	-0.4%	-1.4%
Sub-total	1,657,118	1,498,081	159,037	10.6%	29.5%	28.3%
Non-controlling Interests	395,335	414,525	(19,190)	-4.6%	7.0%	7.8%
Total Equity	**2,052,453**	**1,912,606**	**139,847**	**7.3%**	**36.6%**	**36.2%**
TOTAL LIABILITIES AND EQUITY	**$5,614,673**	**$5,287,275**	**$327,398**	**6.2%**	**100.0%**	**100.0%**
	-	-	-	-	-	-

Cash and cash equivalents
Cash and cash equivalents increased by $146.0 million, or 21.7%, mainly due to the proceeds of GCGI's ₱8.5 billion project finance loan secured on March 18, 2015, FNPC's $99.2 million additional drawdown from its KfW loan, and the proceeds from the Parent Company's $200.0 million note facility secured from BDO, partially offset by the full prepayment of its existing $100.0 million note facility. The increase was further supplemented by cash generated from operations, but partially offset by additions to property, plant and equipment for various growth projects and dividends paid to preferred and common shareholders.

Receivables
Receivables decreased by $87.8 million, or 22.7%, mainly as a result of lower trade receivables of FGPC and FGP from Meralco, and lower trade receivables of EDC from NPC due to timely collections. It should likewise be noted that the balance as of September 30, 2015 only includes the September 2015 billing period, while the balance as of December 31, 2014 includes the November and December 2014 billing periods.

Inventories
Inventories increased by $6.2 million, or 6.2%, primarily due to the purchase of additional materials and supplies of EDC, partially offset by lower fuel inventories of both FGP and FGPC as this was utilized during the Malampaya outage and during various gas curtailments experienced throughout the period.

Other current assets
Other current assets increased by $146.2 million, or 244.9%, mainly due to First Gen's $67.7 million increase in financial assets at FVPL due to its money market investments. This was likewise supplemented by a $29.7 million increase in input VAT as a result of purchases related to the construction of the San Gabriel and Avion power plants. In addition, EDC had incremental funding in its debt service reserve accounts amounting to $18.5 million in relation to the loan availed by GCGI, and higher prepaid expenses.

Property, plant, and equipment
Property, plant and equipment increased by $152.8 million, or 6.1%, 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 existing property, plant and equipment.

Other noncurrent assets
Other noncurrent assets increased by $30.7 million, or 9.9%, 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. Likewise, the increase is supplemented by EDC's higher long-term receivables, prepaid expenses, and input VAT resulting from its purchases during the period. The account was partially offset by lower deferred DIC resulting from the smaller undrawn portion of FNPC's KfW loan.

Accounts payable and accrued expenses
Accounts payable and accrued expenses increased by $77.9 million, or 21.2%, 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 scheduled Malampaya outage from March to April 2015, and the higher trade payables of EDC for the period. The increase was partially offset by the lower payables to SPEX due to lower average gas prices during the period.

Income tax payable
Income tax payable increased by $2.0 million, or 22.7%, primarily due to higher taxes payable of FGPC and FG Hydro as a result of higher taxable income and the expiry of FG Hydro's ITH in April 2014.

Loans Payable
As of September 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 Malampaya outage in March and April 2015.

Long-term debt – current portion
The current portion of long-term debt decreased by $141.7 million mainly due to the maturity of EDC's ₱8.5 billion Series 1 Peso Public Bond last June 4, 2015. This was partially offset by the booking to the current portion of the ₱8.5 billion project finance loan which was secured by GCGI on March 18, 2015 and the higher debt service payments due from the Burgos, Red Vulcan, First Gen, FGPC, and FGP loans.

Derivative liabilities – current portion
Derivative liabilities decreased by $0.09 million, or 20.9%, due to the increase in derivative liabilities for Burgos as interest rate swap agreements resulted in losses. This was partially offset by favorable movements in FGPC's and FGP's derivative instruments which resulted in the booking of all derivative instruments as derivative assets in 2015, a reversal from its booking as a liability in 2014.

Long-term debt – net of current portion
Long-term debt increased by $231.8 million, or 9.2%, to $2,744.6 million as of September 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, FNPC's $99.2 million additional drawdown during the period, and the Parent Company's newly secured 10-year $200.0 million note facility from BDO Unibank, Inc. The increase was partially offset by the reclassification of the maturing obligations to the current portion and the prepayment of the Parent Company's existing $100.0 million note facility.

Derivative liabilities – net of current portion
This account increased by $2.5 million, or 7.6%, to $35.5 million as of September 30, 2015 from $32.9 million at the beginning of the year. The increase was mainly due to unfavorable movements in the MTM valuation of Burgos' derivative instruments partially offset by of favorable movements in FGPC's interest rate swaps.

Retirement and other post-employment benefits liability
This account increased by $3.7 million, or 9.2%, to $44.1 million as of September 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 $3.9 million, or 9.8%, mainly due to the recognition of $1.5 million in unearned revenue pertaining to prepaid gas expenses of FGPC supplemented by the costs associated with the resolution of EDC's pending assessments from various agencies.

Additional paid-in capital
Additional paid-in capital increased by $113.1 million, or 10.7%, from $1,052.3 million as of end-2014 to $1,165.4 million as of September 30, 2015 due to the premium on the additional common shares issued 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.

Cumulative translation adjustments
The balance of cumulative translation adjustments as of September 30, 2015 stood at negative $61.9 million, which decreased from a positive $8.3 million as of December 31, 2014. This account decreased by $70.1 million primarily due to unfavorable movements of foreign exchange rates (₱46.74:$1.00 as of September 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 $72.3 million, or 9.8%, to $809.8 million as of September 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 three quarters 2015 amounting to $119.9 million, partially offset by the $19.6 million and $28.1 million dividends declared to preferred and common shareholders, respectively.

Cost of common stock held in treasury
The decrease in the cost of common stock held in treasury by $49.3 million, or 68.4%, to $22.7 million as of September 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.

DISCUSSIONS OF MAJOR SUBSIDIARIES

FGPC

(UNAUDITED)	**For the periods ended September 30**	
(in USD thousands)	**2015**	**2014**
Revenues from sale of electricity	551,579	578,020
Operating income	111,231	111,276
Net income	61,386	61,022
	As of the periods ended	
(in USD thousands)	**Sept. 30, 2015 (Unaudited)**	**Dec. 31, 2014 (Audited)**
Total assets	838,770	800,622
Debt – net of debt issuance costs	296,435	321,308
Other liabilities	251,708	213,745
Total equity	290,627	265,569

September 2015 vs. September 2014 Results

FGPC's revenues for 2015 increased by $26.4 million, or 4.6%, to $551.6 million in 2015 from $578.0 million in 2014. The decrease was primarily due to lower average gas prices in 2015 ($9.4/MMBtu in 2015 from $12.4/MMBtu in 2014). This was partially offset by FGPC’s higher dispatch in 2015 (81.2% in 2015 compared to 67.2% in 2014) following the return of Santa Rita’s Unit 40 in July 2014.

Operating income slightly decreased by $0.05 million in 2015 mainly due to lower interest income brought about by the collection of advances to shareholders coupled with higher staff costs. The decrease in operating income was partially offset by lower O&M and G&A costs. FGPC posted a net income of $61.4 million in 2015, a $0.4 million increase from the $61.0 million registered in 2014. The increase in net income was mainly due to FGPC’s lower interest expense as a result of its scheduled long-term debt payments slightly offset by higher provisions for income taxes.

September 2015 vs. December 2014

ASSETS

FGPC’s total assets as of September 30, 2015 stood at $838.8 million, which increased by $38.1 million, or 4.8% 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; and
- higher available-for-sale (AFS) financial assets from the additional purchases of financial securities, net of the unfavorable movement in its MTM valuation

These were partially offset by:
- collections from shareholders; and
- depreciation of property, plant and equipment

LIABILITIES AND EQUITY

FGPC’s total liabilities amounted to $548.1 million as of September 30, 2015, which increased by $13.1 million, or 2.4% from $535.0 million as of December 31, 2014. The increase in total liabilities was mainly due to an increase in payables as a result of liquid fuel purchases. 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 $25.0 million, or 9.4% to $290.6 million as of September 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. The increase in total equity was partially offset by dividends declared in 2015 and unfavorable movement in the MTM valuation of the AFS financial assets.

FGP Corp.

(UNAUDITED)	For the periods ended September 30	
(in USD thousands)	**2015**	**2014**
Revenues from sale of electricity	282,175	326,473
Operating income	54,780	56,304
Net income	41,989	41,434
	As of the periods ended	
(in USD thousands)	**Sept. 30, 2015 (Unaudited)**	**Dec. 31, 2014 (Audited)**
Total Assets	659,752	586,139
Debt – net of debt issuance costs	394,465	380,497
Other Liabilities	123,216	85,013
Total Equity	142,071	120,629

September 2015 vs. September 2014 Results

Total revenues for the period ended September 30, 2015 decreased by $44.3 million, or 13.6%, to $282.2 million from $326.5 million in 2014. The decline in revenues was primarily due to lower fuel revenues that resulted from a decrease in average gas prices ($9.4/MMBtu in 2015 as compared to $12.7/MMBtu in 2014). FGP did, however, have slightly higher plant dispatch of 79.5% in 2015 compared to 74.7% in 2014.

Operating income decreased by $1.5 million, or 2.7%, to $54.8 million for the first three quarters of 2015 from $56.3 million in 2014 mainly due to higher staff cost benefits and professional fees. Conversely, net income slightly increased by $0.6 million, or 1.3%, to $42.0 million in 2015 mainly due to FGP’s final receipt of insurance claims amounting to $8.5 million in 2015.

September 2015 vs. December 2014

ASSETS

FGP’s total assets as of September 30, 2015 stood at $659.8 million, which increased by $73.6 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; and
- higher outstanding receivables from FGPC for the purchase of liquid fuel that was advanced by FGP last February, April and August.

The increase was partially offset by:
- utilization of fuel inventory;
- unfavorable movement in the MTM valuation of AFS financial assets; and,
- depreciation and amortization of fixed assets.

LIABILITIES AND EQUITY

As of September 30, 2015, total liabilities increased by $52.2 million, or 11.2%, to $517.7 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 liquid fuel purchased last April, June, and August 2015.

Total equity increased by $21.5 million, or 17.8%, to $142.1 million as of September 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 nine months of 2015, partially offset by cash dividends declared in 2015.

EDC Consolidated

(UNAUDITED) (Amounts in PHP millions)	For the periods ended September 30	
	2015	**2014**
Revenues from sale of electricity	25,324.1	22,982.8
Foreign exchange losses, net	(1,162.9)	(179.9)
Income before income tax	6,796.3	11,592.6
Net income	6,083.9	10,543.9
	As of the periods ended	
	Sept, 30, 2015 (Unaudited)	**Dec. 31, 2014 (Audited)**
Total Assets	132,489.5	124,499.5
Total Liabilities	87,058.1	80,879.4
Total Equity	45,431.4	43,620.1

September 2015 vs. September 2014 Results

During the period ended September 30, 2015, EDC posted a net income of ₱6,083.9 million, lower by ₱4,460.0 million, or 42.3%, from the ₱10,543.9 million in the same period last year. The decrease was driven by a ₱2,051.9 million impairment reversal that was recognized in 2014 (while no similar transaction was recognized in 2015), and was further supplemented by an increase in cost of sales of electricity, G&A expenses, financial expenses, and other charges totaling to ₱5,085.7 million. These factors were partially offset by a ₱2,341.3 million net increase in revenues mainly due to Burgos, Nasulo and BacMan operations.

September 2015 vs. December 2014

ASSETS

Total assets increased by ₱7,990.0 million, or 6.4%, to ₱132,489.5 million, mainly due to an increase in total cash and cash equivalents. Total cash and cash equivalents increased by ₱1,524.8 million to ₱15,535.0 million as of September 30, 2015 from ₱14,010.2 million as of December 31, 2014, primarily attributable to the ₱9,376.3 million in proceeds raised from loans and ₱16,376.0 million net cash generated from operating activities.

Moreover, total assets further gained due to an increase in other current assets by ₱1,507.4 million, or 209.1% to ₱2,228.4 million as of September 30, 2015 from a ₱721.0 million balance as of December 31, 2014 primarily due to the ₱864.7 million debt service reserve account maintained in 2015 for the $315.0M debt facility of Burgos Wind, additional withholding tax certificates, and prepaid expenses. Total property, plant and equipment likewise increased by ₱3,961.2 million to ₱87,034.7 million as of September 30, 2015 from ₱83,073.5 million as of December 31, 2014 primarily due to additions amounting to ₱7,634.2 million mainly on account of drilling activities in Palinpinon and Leyte, though partially offset by ₱3,690.2 million in depreciation and amortization for the period.

LIABILITIES AND EQUITY

Total liabilities increased by ₱6,178.7 million, or 7.6%, to ₱87,058.1 million as of September 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, and the maturity of the ₱8.5 billion Series 1 Peso Public Bond on June 4, 2015.

Total equity increased by ₱1,811.3 million, or 4.2%, to ₱45,431.4 million as of September 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 during the period.

FG Hydro

(Amounts in PHP millions)	For the periods ended September 30	
	2015	**2014**
Operating revenues	1,583.7	1,714.3
Operating expenses	703.7	697.0
Other expenses – net	128.7	125.1
Income before tax	751.3	892.2
Provision for income tax	205.2	4.4
Net income	546.1	887.8
	As of the periods ended	
	Sept. 30, 2015 (Unaudited)	Dec. 31, 2014 (Audited)
Total current assets	1,895.3	1,522.9
Total noncurrent assets	5,730.8	6,080.0
Total current liabilities	640.0	655.6
Total noncurrent liabilities	3,032.7	3,220.0
Total equity	3,953.4	3,727.3

September 2015 vs. September 2014 Results

FG Hydro generated revenues of ₱1,583.7 million for the period ended September 30, 2015, which decreased by ₱130.6 million, or 7.6%, from ₱1,714.3 million for the same period in 2014. The unfavorable variance was mainly on account of lower electricity generated in 2015 as compared to the same period in 2014 due to the combined effects of significantly lower water reservoir level, lower irrigation diversion requirement, decreased ancillary service revenues, and lower spot prices in the WESM.

Operating expenses for the period ended September 30, 2015 amounted to ₱703.7 million which increased by ₱6.7 million, or 9.6%, from ₱697.0 million for the same period in 2014. The unfavorable variance was mainly due to slight increases in depreciation expenses and O&M expenses. Likewise, the provision for current income tax for the period ended September 30, 2015 significantly increased by ₱200.8 million to ₱205.2 million from ₱4.4 million for the same period in 2014. The unfavorable variance was mainly due to the expiry of FG Hydro's ITH incentive in April 13, 2014. The increase in operating expenses was partially offset by lower interest expense for the period, which decreased by ₱10.0 million, or 7.7%, to ₱120.5 million from ₱130.5 million for the same period in 2014 due to reduced long-term debt balance. Overall, FG Hydro posted a net income of ₱546.1 million for the period ended September 30, 2015, ₱341.7 million or 38.5% lower than the ₱887.8 million reported income for the same period in 2014.

September 2015 vs. December 2014

ASSETS

Total assets as of September 30, 2015 stood at ₱7,626.1 million, ₱23.2 million or slightly higher than the December 31, 2014 level of ₱7,602.9 million. The favorable variance was mainly due to the higher cash balance in 2015.

LIABILITIES AND EQUITY

As of September 30, 2015, total liabilities stood at ₱3,672.7 million, ₱202.9 million or 5.2% lower than the December 31, 2014 level of ₱3,875.6 million. The favorable variance is mainly on account of lower long-term debt balance as a result of regular debt service payments

Total equity as of September 30, 2015 of ₱3,953.4 million is ₱226.1 million or 6.1% higher compared to the December 31, 2014 level of ₱3,727.3 million due to income earned.

FG Bukidnon

	For the periods ended September 30	
(in PHP thousands)	**2015**	**2014**
Revenues	26,188	32,198
Operating income	6,376	10,889
Net income	5,108	9,654
	As of the periods ended	
(in PHP thousands)	**Sept. 30, 2015 (Unaudited)**	**Dec. 31, 2014 (Audited)**
Total Assets	129,035	124,040
Total Current Liabilities	15,433	17,167
Other Liabilities	17,392	15,771
Total Equity	96,210	91,102

September 2015 vs. September 2014 Results

Revenues for the nine months of 2015 decreased by ₱6.0 million, or 18.7%, due to lower plant generation and sales volume billed to Cagayan Electric Power and Light Company, Inc. (CEPALCO).

Operating income decreased by ₱4.5 million, or 41.4%, mainly due to lower electricity sales to CEPALCO, partially offset by slightly lower administrative expenses for the first three quarters of 2015.

FG Bukidnon posted a net income of ₱5.1 million in the first three quarters of 2015, ₱4.5 million lower than the net income of ₱9.6 million posted in the same period in 2014, mainly due to lower electricity sales.

September 2015 vs. December 2014

ASSETS

As of September 30, 2015, total assets stood at ₱129.0 million, which is ₱5.0 million, or 4.0%, higher than the December 31, 2014 level of ₱124.0 million mainly due to the accumulation of cash from operations for the first three quarters of 2015, partially offset by a decrease in property plant and equipment due to the depreciation for the period.

LIABILITIES AND EQUITY

As of September 30, 2015, total current liabilities decreased by ₱1.7 million, or 10.1%, due to the lower level of trade payables for the first nine months of 2015.

As of September 30, 2015, other liabilities increased by ₱1.6 million, or 10.3%, due to the set-up of the retirement liability and asset retirement obligation for the first three quarters of 2015.

Total equity increased by ₱5.1 million, or 5.6%, to ₱96.2 million as of September 30, 2015 mainly due to the net income earned for the first three quarters of 2015.

KEY PERFORMANCE INDICATORS

First Gen Consolidated	Sept. 2015	Sept. 2014	December 2014
Current ratio	2.12x	1.89x	1.67x
Asset-to-equity ratio	2.74x	2.69x	2.76x
Debt-to-equity ratio	1.74x	1.69x	1.76x
Quick ratio	1.66x	1.67x	1.46x
Return on assets (%)	4.41%	7.26%	6.24%
Return on equity (%)	12.14%	20.02%	17.47%
Interest-bearing debt-to-equity ratio (times)	1.44x	1.42x	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 4/3, 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 4/3, 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	$219,356	$11,833	$1,201	$59,212	$291,602
Related parties	2,020	–	–	–	2,020
Loans and notes receivables	1,975	–	–	–	1,975
Others	4,118	996	407	51	5,572
	227,469	12,829	1,608	59,263	301,169
Less: allowance for doubtful accounts	–	–	–	(1,950)	(1,950)
	$227,469	**$12,829**	**$1,608**	**$57,313**	**$299,219**

FIRST GEN CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS
SEPTEMBER 30, 2015

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 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 September 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 September 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 September 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 September 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	*Determining Whether an Arrangement Contains a Lease*	✓		
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
IFRIC 6	*Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment*			✓
IFRIC 7	*Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies*			✓
IFRIC 8	*Scope of PFRS 2*	✓		
IFRIC 9	Reassessment of Embedded Derivatives	✓		
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives	✓		
IFRIC 10	*Interim Financial Reporting and Impairment*	✓		
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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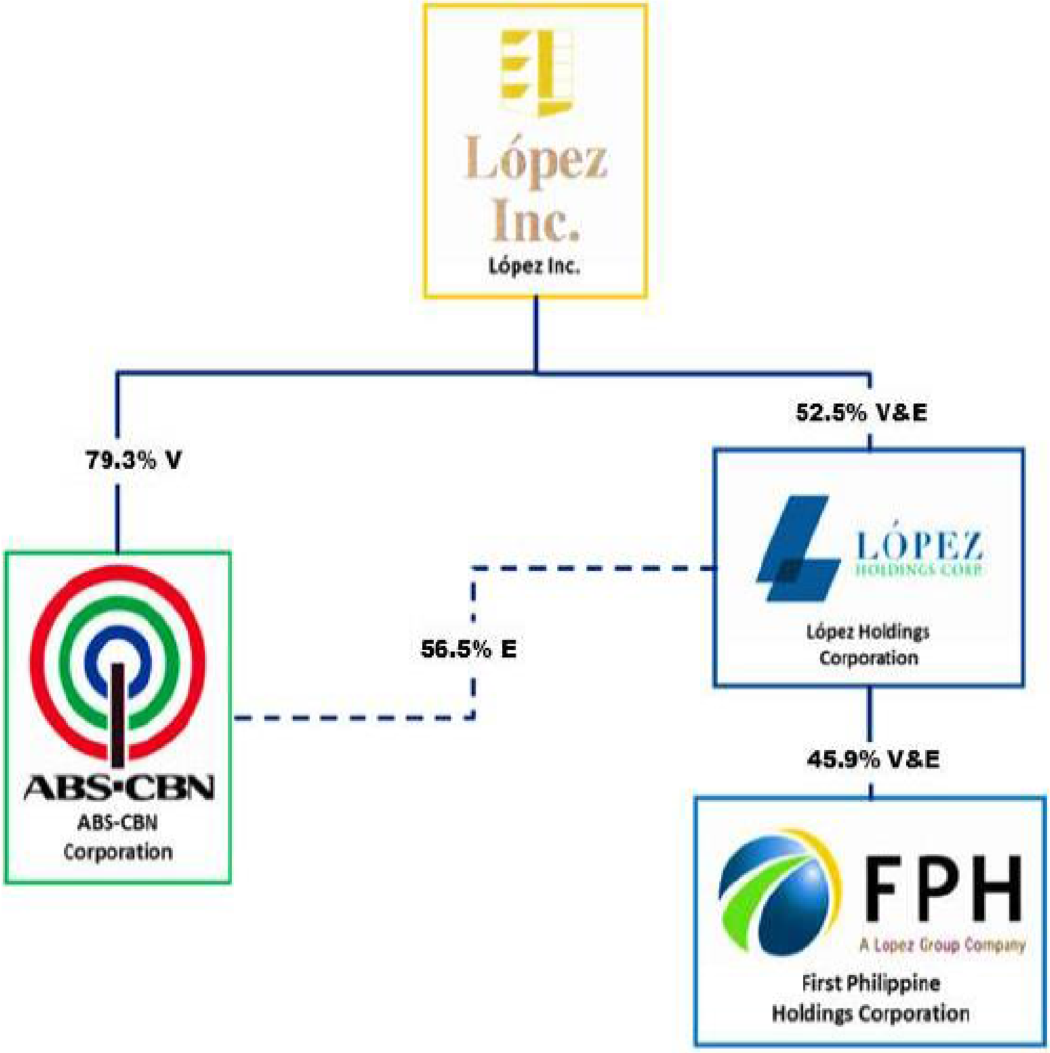
PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of September 30, 2015		Adopted	Not Adopted	Not Applicable
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 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			✓

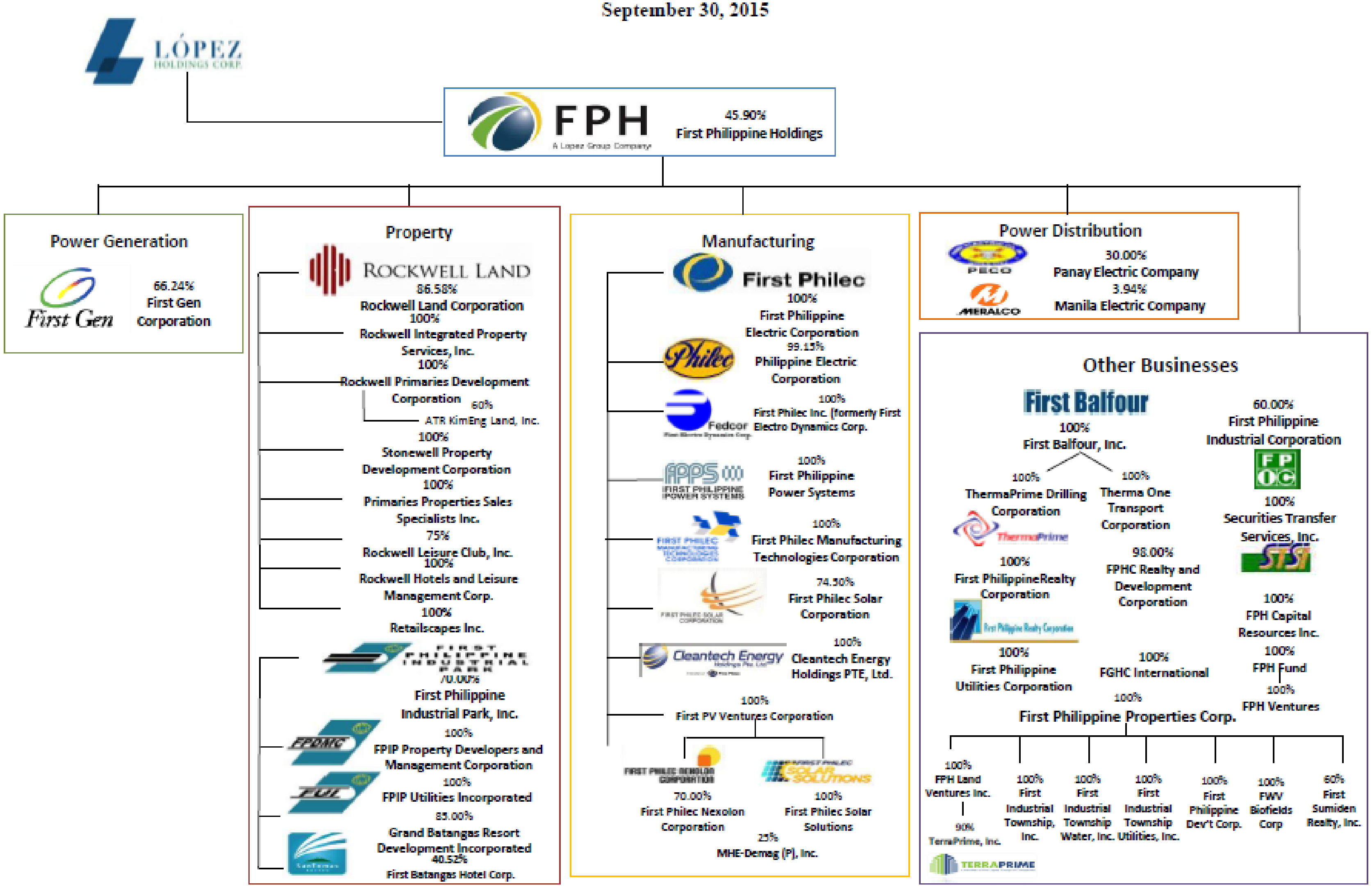
**These standards, interpretations and amendments to existing standards are effective subsequent to January 1, 2015. First Gen Group did not early adopt these standards, interpretations and amendments.*

MAP OF RELATIONSHIPS OF THE COMPANIES WITHIN THE LOPEZ GROUP

MAP OF THE COMPANIES WITHIN THE LOPEZ GROUP
September 30, 2015



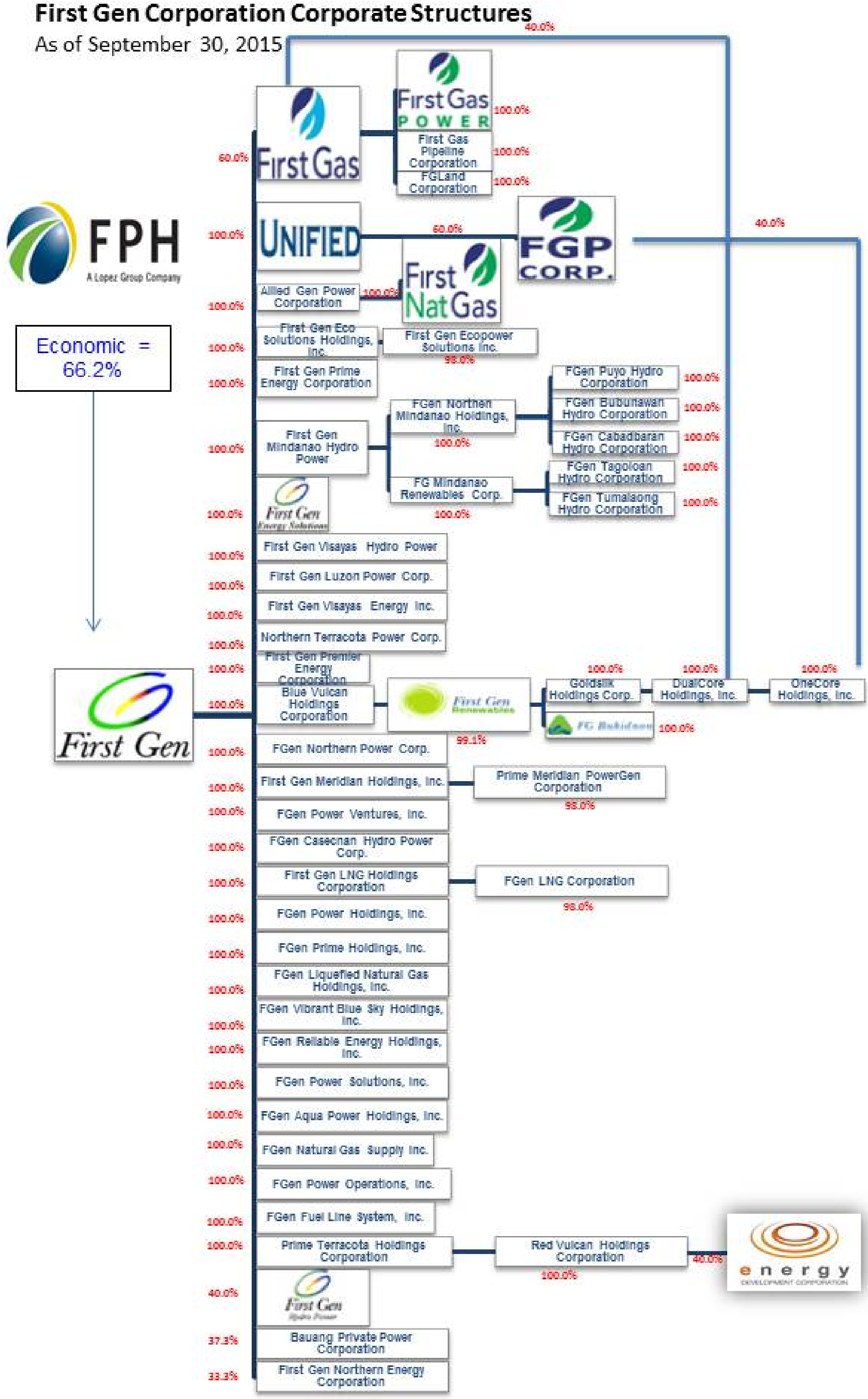
FIRST PHILIPPINE HOLDINGS CORP. AND SUBSIDIARIES
CORPORATE STRUCTURE
September 30, 2015

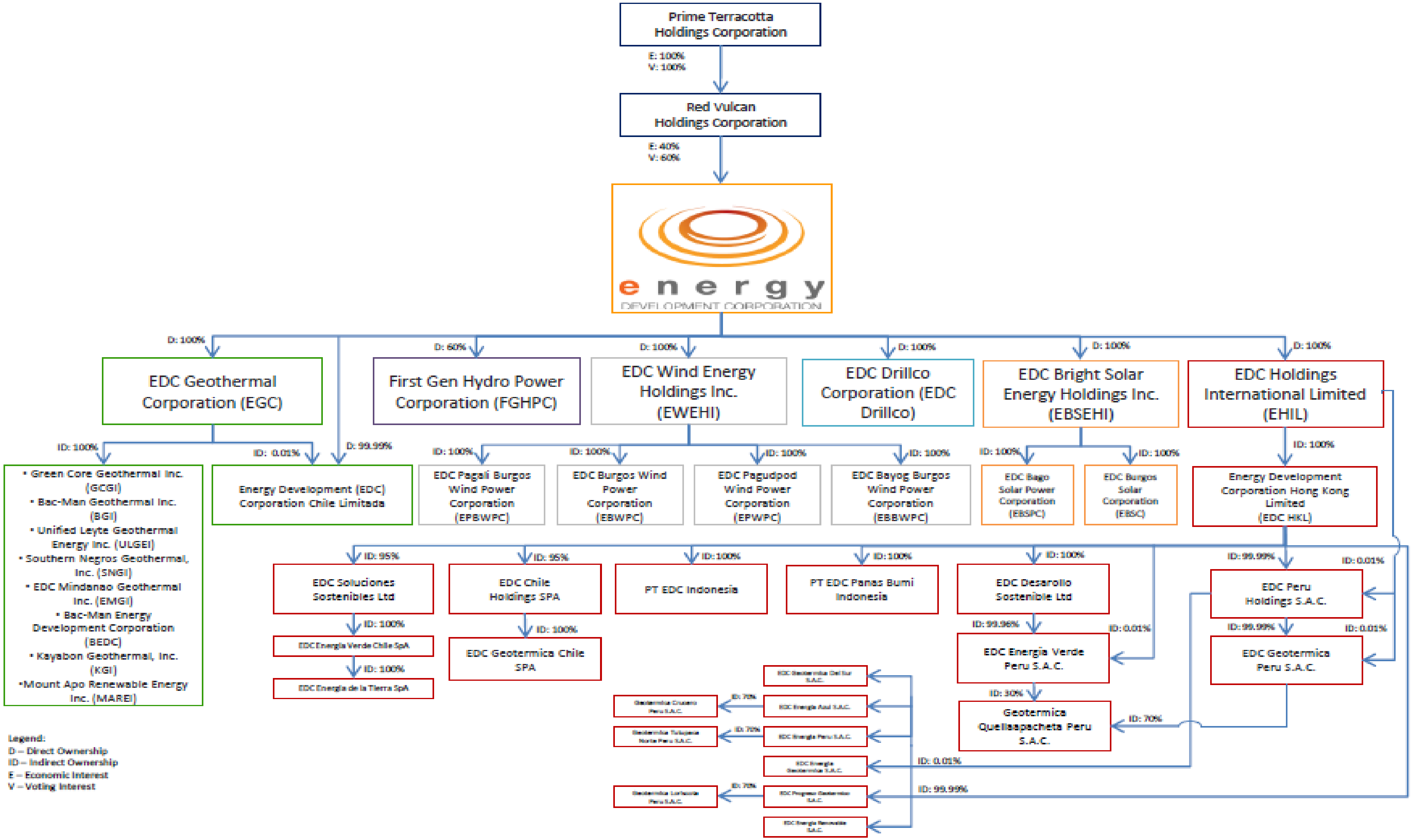


FPH's Corporate Structure as of September 30, 2015

First Gen Corporation Corporate Structures

As of September 30, 2015





**EDC's Corporate Structure as of September 30, 2015*

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

MARIA CARMINA Z. UBAÑA
Vice President and Comptroller

November 13, 2015

First Gen Corporation and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements
September 30, 2015 (With Comparative Audited Figures as at December 31, 2014)
and For the Nine-Month Periods Ended September 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)

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**$819,912**	$673,893
Receivables (Notes 5 and 17)	**299,219**	386,985
Inventories (Note 6)	**104,827**	98,675
Other current assets (Notes 7 and 12)	**205,832**	59,672
Total Current Assets	**1,429,790**	1,219,225
Noncurrent Assets		
Property, plant and equipment (Notes 8 and 12)	**2,676,840**	2,523,991
Goodwill and intangible assets (Note 9)	**1,141,274**	1,207,514
Deferred income tax assets - net	**27,407**	27,874
Other noncurrent assets (Note 10)	**339,362**	308,671
Total Noncurrent Assets	**4,184,883**	4,068,050
TOTAL ASSETS	**$5,614,673**	$5,287,275
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued expenses (Note 11)	**$444,839**	$366,909
Income tax payable	**10,918**	8,898
Dividends payable (Note 14)	**–**	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)	**190,549**	332,269
Derivative liabilities (Note 19)	**333**	421
Total Current Liabilities	**673,280**	728,699
Noncurrent Liabilities		
Long-term debts - net of current portion (Notes 8 and 12)	**2,744,605**	2,512,769
Retirement and other post-employment benefits	**44,129**	40,409
Derivative liabilities - net of current portion (Note 19)	**35,437**	32,926
Deferred income tax liabilities - net	**21,400**	20,381
Other noncurrent liabilities (Note 13)	**43,369**	39,485
Total Noncurrent Liabilities	**2,888,940**	2,645,970
Total Liabilities	**$3,562,220**	$3,374,669

(Forward)

	September 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	**338**	354
Cumulative translation adjustments (Note 19)	**(61,862)**	8,283
Equity reserve	**(378,304)**	(372,439)
Retained earnings	**809,838**	737,525
Cost of common stock held in treasury	**(22,726)**	(71,997)
	1,657,118	1,498,081
Non-controlling Interests	**395,335**	414,525
Total Equity	**2,052,453**	1,912,606
TOTAL LIABILITIES AND EQUITY	**$5,614,673**	$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 Nine-Month Periods Ended September 30	
	2015	2014
REVENUES FROM SALE OF ELECTRICITY	**$1,399,627**	$1,426,193
COSTS OF SALE OF ELECTRICITY (Note 15)	**(874,376)**	(892,728)
GENERAL AND ADMINISTRATIVE EXPENSES (Note 15)	**(156,460)**	(143,410)
FINANCIAL INCOME (EXPENSE)		
Interest income	**7,215**	4,711
Interest expense and financing charges (Note 15)	**(135,387)**	(123,631)
	(128,172)	(118,920)
OTHER INCOME (CHARGES)		
Foreign exchange losses – net	**(26,970)**	(4,241)
Mark-to-market gain – financial assets at fair value through profit or loss (FVPL) (Note 7)	**300**	195
Mark-to-market gain on derivatives – net (Note 19)	**–**	155
Proceeds on insurance claims of FGP and EDC	**26,954**	14,954
Reversal of impairment provision of property, plant and equipment	**–**	46,361
Others (Note 17)	**(2,759)**	7,648
	(2,475)	65,072
INCOME BEFORE INCOME TAX	**238,144**	336,207
PROVISION FOR INCOME TAX		
Current	**56,468**	55,686
Deferred	**1,186**	5,664
	57,654	61,350
NET INCOME	**$180,490**	$274,857
Attributable to:		
Equity holders of the Parent Company	**$119,892**	$162,820
Non-controlling interests	**60,598**	112,037
	$180,490	$274,857
Basic Earnings per Share for Net Income Attributable to the Equity Holders of the Parent Company (Note 16)	**$0.026**	$0.041

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 September 30	
	2015	2014
REVENUES FROM SALE OF ELECTRICITY	**$434,381**	$490,723
COSTS OF SALE OF ELECTRICITY	**(271,762)**	(316,606)
GENERAL AND ADMINISTRATIVE EXPENSES	**(47,966)**	(45,624)
FINANCIAL INCOME (EXPENSE)		
Interest income	**2,262**	1,450
Interest expense and financing charges	**(42,952)**	(40,964)
	(40,690)	(39,514)
OTHER INCOME (CHARGES)		
Foreign exchange losses – net	**(21,385)**	(13,519)
Mark-to-market gain – financial assets at FVPL	**291**	195
Mark-to-market loss on derivatives – net	**–**	(40)
Proceeds on insurance claims of FGP and EDC	**1,553**	6,038
Reversal of impairment provision of property, plant and equipment	**–**	46,361
Others	**(130)**	2,190
	(19,671)	41,225
INCOME BEFORE INCOME TAX	**54,292**	130,204
PROVISION FOR INCOME TAX		
Current	**17,184**	17,980
Deferred	**424**	6,808
	17,608	24,788
NET INCOME	**$36,684**	$105,416
Attributable to:		
Equity holders of the Parent Company	**$24,622**	$60,231
Non-controlling interests	**12,062**	45,185
	$36,684	$105,416

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 Nine-Month Periods Ended September 30	
	2015	2014
NET INCOME	**$180,490**	$274,857
OTHER COMPREHENSIVE INCOME (LOSS):		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on foreign currency translation	**(98,925)**	(22,582)
Net gain (loss) on cash flow hedge - net of tax (Note 20)	**(3,486)**	3,996
Unrealized loss on AFS financial assets	**(41)**	(107)
	(102,452)	(18,693)
TOTAL COMPREHENSIVE INCOME	**$78,038**	$256,164
Total comprehensive income attributable to:		
Equity holders of the Parent Company	**$49,731**	$187,851
Non-controlling interests	**28,307**	68,313
	$78,038	$256,164

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 September 30	
	2015	2014
NET INCOME	**$36,684**	$105,416
OTHER COMPREHENSIVE INCOME (LOSS):		
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on foreign currency translation	**(77,155)**	(57,773)
Net gain (loss) on cash flow hedge - net of tax (Note 19)	**(7,676)**	4,327
Unrealized loss on AFS financial assets	**(119)**	(75)
	(84,950)	(53,521)
TOTAL COMPREHENSIVE INCOME (LOSS)	**($48,266)**	$51,895
Total comprehensive income (loss) attributable to:		
Equity holders of the Parent Company	**($35,768)**	$23,113
Non-controlling interests	**(12,498)**	28,782
	($48,266)	$51,895

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 NINE-MONTH PERIODS ENDED SEPTEMBER 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										
	Redeemable Preferred Stock	Common 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
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)	**–**	**–**	**–**	**(70,145)**	**(16)**	**–**	**119,892**	**–**	**49,731**	**28,307**	**78,038**
Proceeds from issuance of common stock and treasury stocks through private 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	**–**	**–**	**–**	**–**	**–**	**(5,702)**	**–**	**–**	**(5,702)**	**(3,311)**	**(9,013)**
Acquisition of non-controlling interests in PTHC	**–**	**–**	**–**	**–**	**–**	**(163)**	**–**	**–**	**(163)**	**(949)**	**(1,112)**
Common shares acquired by subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(3,716)**	**(3,716)**	**–**	**(3,716)**
Share in employee trusts of EDC	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**10**	**10**
Dividends on preferred shares (Note 14)	**–**	**–**	**–**	**–**	**–**	**–**	**(19,550)**	**–**	**(19,550)**	**–**	**(19,550)**
Dividends on common shares (Note 14)	**–**	**–**	**–**	**–**	**–**	**–**	**(28,029)**	**–**	**(28,029)**	**–**	**(28,029)**
Dividends of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(43,247)**	**(43,247)**
BALANCES AT SEPTEMBER 30, 2015	**$69,345**	**$75,123**	**$1,165,366**	**($61,862)**	**$338**	**($378,304)**	**$809,838**	**($22,726)**	**$1,657,118**	**$395,335**	**$2,052,453**
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)	–	–	–	25,074	(43)	–	162,820	–	187,851	68,313	256,164
Acquisition of non-controlling interests in EDC	–	–	–	–	–	(1,780)	–	–	(1,780)	(1,524)	(3,304)
Acquisition of non-controlling interests in PTHC	–	–	–	–	–	(111)	–	–	(111)	(977)	(1,088)
Common shares acquired by subsidiaries	–	–	–	–	–	–	–	(9,986)	(9,986)	–	(9,986)
Share in employee trusts of EDC	–	–	–	–	–	–	–	–	–	132	132
Dividends on preferred shares	–	–	–	–	–	–	(19,872)	–	(19,872)	–	(19,872)
Dividends of subsidiaries	–	–	–	–	–	–	–	–	–	(21,016)	(21,016)
BALANCES AT SEPTEMBER 30, 2014	$69,345	$74,728	$1,052,282	$5,165	$301	($367,387)	$743,922	($72,239)	$1,506,117	$424,780	$1,930,897

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 Nine-Month Periods Ended September 30	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**$238,144**	$336,207
Adjustments for:		
Depreciation and amortization	**138,667**	118,500
Interest expense and financing charges	**135,387**	123,631
Net unrealized foreign exchange losses	**24,297**	6,140
Mark-to-market gain on derivatives - net	**–**	(155)
Mark-to-market gain on financial assets at FVPL	**(300)**	(195)
Interest income	**(7,215)**	(4,711)
Gain on disposal of property, plant and equipment	**(163)**	(8,182)
Reversal of impairment provision of property, plant and equipment	**–**	(46,361)
Loss on direct write-off of Input VAT claims	**1,943**	–
Income before working capital changes	**530,760**	524,874
Decrease (increase) in:		
Receivables	**89,169**	(17,087)
Inventories	**13,188**	17,752
Other current assets	**(62,779)**	3,650
Increase (decrease) in:		
Accounts payable and accrued expenses	**13,374**	(17,478)
Retirement and other post-employment benefits	**3,719**	6,591
Net cash generated from operations	**587,431**	518,302
Interest received	**7,215**	4,711
Income taxes paid	**(54,686)**	(47,167)
Net cash flows from operating activities	**539,960**	475,846
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	**302**	32,939
Proceeds from redemption of AFS financial assets	**–**	7,828
Proceeds from incidental income from testing property, plant and equipment	**–**	2,254
Additions to:		
Property, plant and equipment	**(366,818)**	(418,268)
Exploration and evaluation assets	**(4,455)**	(8,839)
Other noncurrent assets	**(57,235)**	(70,277)
Financial assets at FVPL	**(79,835)**	(11,297)
AFS financial assets	**(424)**	(1,729)
Intangible assets (Note 9)	**(4,435)**	(67)
Net cash used in investing activities	**(512,900)**	(467,456)

(Forward)

	For the Nine-Month Periods Ended September 30	
	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Interest expense and financing charges	**(\$105,857)**	(\$96,036)
Long-term debt	**(370,862)**	(76,152)
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	**(39,606)**	(40,075)
Cash dividends to common shareholders	**(28,029)**	–
Cash dividends to non-controlling interests	**(21,169)**	(21,016)
Loans payable	**–**	(53,829)
Parent Company shares acquired by subsidiaries	**(3,716)**	(9,986)
Payments to related parties	**(1)**	(113)
Additions to other noncurrent liabilities	**3,211**	1,479
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	**502,676**	212,229
Availment of short-term loans	**26,496**	–
Net cash flows from (used in) financing activities	**119,484**	(87,891)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(525)**	(531)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**146,019**	(80,032)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**673,893**	870,253
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	**\$819,912**	\$790,221

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

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.

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

As of September 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 355 common stockholders of record and 3,603,318,857 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 September 30, 2015 and for the nine-month periods ended September 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. First Gen Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

- 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.

Annual Improvements to PFRSs (2010-2012 Cycle)
The following annual improvements to PFRSs (2010-2012 Cycle) are effective for annual periods beginning on or after July 1, 2014 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 (2011-2013 Cycle) are effective for annual periods beginning on or after July 1, 2014 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.

<u>Basis of Consolidation</u>
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 losses 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 nine-month periods ended September 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 September 30, 2015 and December 31, 2014:

	Percentage of Voting Interest	
	September 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

	Percentage of Voting Interest	
	September 30, 2015	December 31, 2014
First Gen Visayas Energy, Inc. (FG Visayas Energy)	**100**	100
FG Bukidnon Power Corporation (FG Bukidnon)[1]	**100**	100
Northern Terracotta Power Corp. (Northern Terracotta)	**100**	100
Blue Vulcan[5, 12]	**100**	100
Prime Meridian Powergen Corporation (Prime Meridian)	**100**	100
Goldsilk[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
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 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**	–
FGen Power Operations, Inc. (FGen Power Operations)[14]	**100**	–
FGen Fuel Line Systems, Inc. (FGen Fuel Line)[15]	**100**	–
Prime Terracota Holdings Corp. (Prime Terracota)[9,11]	**100**	73
First Gen Hydro Power Corporation (FG Hydro)[10,11]	**40**	40
FGen Northern Power Corp. (FGEN Northern Power)[16]	**40**	100

[1]*Through FGRI*
[2]*Through Unified*
[3]*Through AlliedGen*
[4]*Through FGHC*
[5]*On 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.*
[6]*Through FG Mindanao*
[7]*Through FMRC*
[8]*Through FNMHI*
[9]*As a result of the adoption of PFRS 10 effective January 1, 2013.*
[10]*As a result of the adoption of PFRS 10 effective January 1, 2013. As of September 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.*
[11]*On 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 September 30, 2015, the Parent Company's direct voting interest in Prime Terracota increased from 73.4% to100.0% and its effective voting interest in EDC likewise increased from 50.9% to 67.0% through Prime Terracota.*
[12]*On 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.*
[13]*On May 15, 2015, FGen NatGas Supply was incorporated and registered with the Philippine SEC.*
[14]*On July 21, 2015, FGen Power Operations was incorporated and registered with the Philippine SEC.*
[15]*On September 9, 2015, FGen Fuel Line was incorporated and registered with the Philippine SEC.*

[16]*On July 7, 2015, Conal Holdings Corp. (Conal) subscribed to 37,500 common shares of FGEN Northern Power at par value of ₱1.00 per share. As result of the subscription, Conal now owns 60% economic and voting interest in FGEN Northern Power while the Parent Company's interest was reduced from 100% to 40%.*

All of the foregoing subsidiaries are incorporated in the Philippines.

As of September 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, FGen NatGas Supply, FGen Power Operations and FGen Fuel Line have not started commercial operations.

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

	Percentage of Voting Interest	
	September 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
Geothermica Crucero Perú S.A.C.[8,9]	**42**	42
EDC Energía Perú S.A.C.[7,9]	**60**	60
Geothermica 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
Geothermica Loriscota Perú S.A.C.[8,9]	**42**	42
Hot Rock Holding Ltd.	**60**	60

	Percentage of Voting Interest	
	September 30, 2015	December 31, 2014
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 September 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	
	September 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 September 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 are engaged in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by First Gen Group's Chief Operating Decision Maker (CODM) to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available. For purposes of management reporting, First Gen Group's operating businesses are organized and managed separately on a per company basis, with each company representing a strategic business segment. First Gen's identified operating segments, which are consistent with the segments reported to 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 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 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. On April 14, 2015, EBWPC's application for the FIT Certificate of Compliance (COC) was granted by the Energy Regulatory Commission (ERC) for Burgos Wind Power Project Phase I and II. On April 17, 2015, EDC likewise received the COC for its 4.16 MW Burgos Solar Power Plant. Both renewable energy plants are entitled to the Feed-In Tariff (FIT) system.
- On 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. (QRC) and LIRF. As of September 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 has likewise increased from 50.9% to 67.0%, 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 September 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 36.5% 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 Nine-Month Period Ended September 30, 2015 (Unaudited)						
	FGPC	FGP	EDC & Subsidiaries*	FG Hydro	Others	Eliminating Entries**	Total
Segment revenue	**$551,579**	**$282,175**	**$529,589**	**$35,328**	**$6,821**	**($5,865)**	**$1,399,627**
Segment expenses	**(418,987)**	**(202,705)**	**(248,671)**	**(8,823)**	**(21,323)**	**5,865**	**(894,644)**
Segment results	**132,592**	**79,470**	**280,918**	**26,505**	**(14,502)**	**–**	**504,983**
Interest income	**7,675**	**3,834**	**4,744**	**149**	**1,778**	**(10,965)**	**7,215**
Interest expense and financing charges	**(22,602)**	**(9,600)**	**(73,370)**	**(2,688)**	**(38,092)**	**10,965**	**(135,387)**
Depreciation and amortization	**(29,035)**	**(16,493)**	**(85,364)**	**(7,205)**	**(570)**	**–**	**(138,667)**
Income (loss) before income tax	**88,630**	**57,211**	**126,928**	**16,761**	**(51,386)**	**–**	**238,144**
Provision for income tax	**(27,244)**	**(15,222)**	**(10,490)**	**(4,578)**	**(120)**	**–**	**(57,654)**
Net income (loss)	**$61,386**	**$41,989**	**$116,438**	**$12,183**	**($51,506)**	**$–**	**$180,490**

**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 Nine-Month Period Ended September 30, 2014 (Unaudited)						
	FGPC	FGP	EDC & Subsidiaries*	FG Hydro	Others	Eliminating Entries**	Total
Segment revenue	$578,020	$326,472	$486,182	$33,095	$6,683	($4,259)	$1,426,193
Segment expenses	(446,351)	(248,403)	(125,710)	(8,626)	(25,997)	2,521	(852,566)
Segment results	131,669	78,069	360,472	24,469	(19,314)	(1,738)	573,627
Interest income	8,562	3,717	2,990	111	5,395	(16,064)	4,711
Interest expense and financing charges	(25,460)	(10,107)	(58,596)	(2,949)	(42,583)	16,064	(123,631)
Depreciation and amortization	(28,955)	(16,578)	(65,451)	(7,139)	(377)	–	(118,500)
Income (loss) before income tax	85,816	55,101	239,415	14,492	(56,879)	(1,738)	336,207
Provision for income tax	(24,794)	(13,667)	(22,252)	(607)	(30)	–	(61,350)
Net income (loss)	$61,022	$41,434	$217,163	$13,885	($56,909)	($1,738)	$274,857

**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:

	September 30, 2015 (Unaudited)						
	FGPC	**FGP**	**EDC & Subsidiaries***	**FG Hydro**	**Others**	**Eliminating Entries***	**Total**
Current assets	**$394,134**	**$322,042**	**$575,979**	**$39,690**	**$604,739**	**($506,794)**	**$1,429,790**
Noncurrent assets	**444,637**	**337,710**	**2,205,077**	**123,328**	**5,556,685**	**(4,482,554)**	**4,184,883**
Total assets	**$838,771**	**$659,752**	**$2,781,056**	**$163,018**	**$6,161,424**	**($4,989,348)**	**$5,614,673**
Current liabilities	**$255,071**	**$178,500**	**$286,294**	**$14,989**	**$316,321**	**($377,895)**	**$673,280**
Noncurrent liabilities	**293,072**	**339,181**	**1,499,243**	**64,866**	**973,043**	**(280,465)**	**2,888,940**
Total liabilities	**$548,143**	**$517,681**	**$1,785,537**	**$79,855**	**$1,289,364**	**($658,360)**	**$3,562,220**

**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

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Cash on hand and in banks	**$171,251**	$147,462
Short-term deposits	**648,661**	526,431
	$819,912	$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

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Trade	**$291,602**	$371,914
Due from related parties (Note 17)	**2,020**	2,521
Loans and notes receivables	**1,975**	2,144
Others	**5,572**	12,444
	301,169	389,023
Less: Allowance for doubtful accounts	**(1,950)**	(2,038)
	$299,219	$386,985

Aging of trade receivables:

Current	**$219,356**
More than 30 days past due	**11,833**
More than 30 days to one year past due	**1,201**
More than one year past due	**59,212**
	$291,602

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

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
At cost:		
Fuel inventories	**$38,158**	$39,576
Spare parts and supplies	**57,498**	49,514
	95,656	89,090
At NRV – spare parts and supplies	**9,171**	9,585
	$104,827	$98,675

For FGP and FGPC, the amounts of fuel inventories recognized as expense were $123.4 million and $47.1 million for the nine-month periods ended September 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

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Prepaid expenses	**$32,570**	$15,707
Financial assets at FVPL (see Note 19)	**89,823**	11,708
Input value-added tax (VAT)	**51,218**	21,505
Debt service reserve account (Note 12)	**18,501**	–
Prepaid taxes	**5,276**	8,491
AFS financial assets	**2,781**	–
Advances to contractors	**3,701**	1,447
Derivative assets (see Note 19)	**1,146**	492
Others	**816**	322
	$205,832	$59,672

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 Corporation (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. Also in 2015, the Parent Company also entered into an IMA with BDO amounting to $68.7 million (₱3,161.2 million).

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 Investment Manager and the Company.
- The agreement is considered as an agency and not a trust agreement. The Company, therefore, shall at all times retain legal title to the fund.
- The IMA does not guaranty a yield, return, or income on the investments or reinvestments made by the Investment Manager. Any loss or depreciation in the value of the assets of the fund shall be for the account of the Company.

First Gen Group 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 adjustments on the securities amounting to $0.3 million and $0.2 million gain in 2015 and 2014, respectively, were taken up in the unaudited interim consolidated statements of income.

8. Property , Plant and Equipment

Movements in the account are as follows:

September 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 December 31, 2014	$57,594	$1,739,857	$871,015	$634,021	$35,487	$7,281	$1,210	$–	$367,022	$3,713,487
Additions	2,068	2,152	1,592	832	1,593	681	220	–	370,930	380,068
Retirements/write-off	–	(4)	(32)	–	(346)	(279)	–	–	–	(661)
Reclassifications/adjustments	–	81,352	(919)	53,947	(407)	23	–	–	(132,313)	1,683
Foreign exchange adjustments	(1,890)	(61,917)	(4,366)	(29,642)	(1,264)	(159)	(3)	–	(25,601)	(124,842)
Balances at September 30, 2015	57,772	1,761,440	867,290	659,158	35,063	7,547	1,427	–	580,038	3,969,735
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)	–	64,428	41,186	16,842	2,698	886	35	–	–	126,075
Retirements/write-off	–	(275)	(32)	–	(126)	(252)	–	–	–	(685)
Reclassifications/adjustments	–	518	1,247	–	24	5	–	–	–	1,794
Foreign exchange adjustments	(17)	(13,257)	(2,227)	(7,547)	(641)	(93)	(3)	–	–	(23,785)
Balances at September 30, 2015	378	469,907	629,190	167,975	19,860	4,563	1,022	–	–	1,292,895
Net Book Value	$57,394	$1,291,533	$238,100	$491,183	$15,203	$2,984	$405	$–	$580,038	$2,676,840

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 $250.4 million and $278.0 million as of September 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 September 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, which is consisted 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), that were capitalized as part of “Property, plant and equipment” account amounted to $8.2 million as of September 30, 2015. As of September 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 $103.2 million and $10.5 million as of September 30, 2015 and December 31, 2014, respectively. As of September 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 $17.4 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 Nine-Month Periods Ended September 30 2015	2014
Property, plant and equipment	**$126,075**	$106,176
Intangible assets	**12,592**	12,324
	$138,667	$118,500

	For the Nine-Month Periods Ended September 30 2015	2014
Costs of sale of electricity (see Note 15)	**$132,335**	$110,527
General and administrative (see Note 15)	**6,332**	7,973
	$138,667	$118,500

9. Goodwill and Intangible Assets

	September 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	–	–	–	–	**4,435**	**4,435**
Reclassifications	–	–	–	–	**(7,151)**	**(7,151)**
Foreign exchange adjustments	**(46,261)**	**(8,057)**	**(2,324)**	–	**(191)**	**(56,833)**
Balances at September 30, 2015	**1,033,232**	**178,364**	**51,450**	**13,253**	**4,080**	**1,280,379**
Accumulated Amortization						
Balances at December 31, 2014	–	**106,561**	**17,477**	**7,378**	**998**	**132,414**
Amortization (see Notes 8 and 15)	–	**9,812**	**1,609**	**452**	**719**	**12,592**
Foreign exchange adjustments	–	**(5,007)**	**(821)**	–	**(73)**	**(5,901)**
Balances at September 30, 2015	–	**111,366**	**18,265**	**7,830**	**1,644**	**139,105**
Net Book Value	**$1,033,232**	**$66,998**	**$33,185**	**$5,423**	**$2,436**	**$1,141,274**

	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 September 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 (₱8,336.7 million). Such intangible asset pertains to the Steam Sales Agreements and PPAs of EDC. The identified intangible asset is amortized using the straight-line method over the remaining term of the existing contracts ranging from 1 to 17 years. The concession rights for contracts acquired have been valued based on the expected future cash flows using the Multiple Excess Earnings Method (MEEM) as of the date of acquisition. MEEM is the most commonly used approach in valuing customer-related assets, although it may be used to value other intangible assets as well. The asset value is estimated as the sum of the discounted future excess earnings attributable to the asset over the remaining project period. The average remaining amortization period of the intangible asset pertaining to the concession rights originating from contracts is 5.25 years as of September 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 16.25 years as of September 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 9.0 years as of September 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

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Input VAT	**$104,645**	$102,138
Exploration and evaluation assets	**64,211**	62,645
Tax credit certificates (TCC)	**46,283**	54,257
Prepaid major spare parts	**62,935**	43,117
Deferred debt issuance costs (Note 12)	**7,167**	17,171
AFS financial assets	**5,068**	7,416
Special deposits and funds	**2,660**	2,446
Prepaid expenses	**10,045**	8,368
Long-term receivables	**22,215**	2,545
Derivative assets (see Note 19)	**6,305**	4,513
Retirement assets	**2,753**	4,310

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Prepaid gas	**1,451**	–
Others	**12,620**	8,836
	348,358	317,762
Less: Allowance for doubtful accounts	**(8,996)**	(9,091)
	$339,362	$308,671

Provision for doubtful accounts pertaining to Input VAT and long-term receivables amounted to $1.1 million during the nine-month periods ended September 30, 2015 and 2014. Long-term receivables include EDC's capital funding for the Chile projects.

11. Accounts Payable and Accrued Expenses

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Trade	**$290,606**	$260,045
Deferred output VAT	**43,019**	46,874
Accrued interest and financing costs	**47,134**	27,299
Withholding & other taxes payable	**11,657**	16,776
Output VAT	–	908
Royalty fee payable	**1,437**	1,303
Others	**50,986**	13,704
	$444,839	$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 September 30, 2015, the "Others" account includes EDC's provision for shortfall generation, dividends payable to non-controlling shareholders, and portion of liabilities on regulatory assessments and other contingencies.

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:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
EDC	**$1,432,614**	$1,473,440
First Gen	**495,981**	391,676
FGP	**367,968**	380,497
FGPC	**296,435**	321,308
Red Vulcan	**94,346**	112,925
FNPC	**175,521**	85,362
FG Hydro	**72,289**	79,830
	2,935,154	2,845,038
Less current portion	**190,549**	332,269
	$2,744,605	$2,512,769

EDC

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

Creditor/Project	Maturities	Interest Rates	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
US$300.0 Million Notes	January 20, 2021	6.5%	**$297,895**	$297,545
Peso Public Bonds				
▪ ₱8.5 billion	June 4, 2015	8.6418%	–	189,811
▪ ₱3.5 billion	December 4, 2016	9.3327%	**74,649**	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	**57,861**	64,186
▪ IFC 2 - ₱3.3 billion	2013-2025	6.6570%	**55,533**	60,735
Fixed Rate Note Facility (FXCN)				
▪ ₱4.0 billion	2012-2022	5.25%	**61,053**	86,250
▪ ₱3.0 billion	2012-2022	5.25%	**81,436**	64,659
Refinanced Syndicated Term Loan				
▪ US$175.0 million	June 27, 2017	LIBOR plus 1.75% margin	**113,120**	121,504
Fixed Rate Bonds (FXR)				
▪ ₱4.0 billion	May 3, 2023	4.7312%	**84,687**	87,755
▪ ₱3.0 billion	May 3, 2020	4.1583%	**63,609**	66,395
US$80 Million Term Loan	June 21, 2018	LIBOR plus 1.8% margin	**75,721**	75,372
EBWPC Loans:				
$35.5M Commercial Debt Facility	October 23, 2029	LIBOR plus 2.0% margin	**36,345**	34,432
$139.0M ECA Debt Facility	October 23, 2029	LIBOR plus 2.35% margin	**144,056**	133,130
₱5.17B Commercial Debt Facility	October 23, 2029	PDST-F rate plus 2.0% margin	**117,881**	113,787
GCGI Term Loan	March 18, 2022	5.25%	**168,768**	–
Total			**1,432,614**	1,473,440
Less current portion			**71,268**	226,234
Noncurrent portion			**$1,361,346**	$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 September 30, 2015 and December 31, 2014 is as follows:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balances at beginning of period	**$19,407**	$13,472
Additions during the period	**4,840**	9,983
Accretion during the period charged to "Interest expense and financing charges" account (see Note 15)	**(2,811)**	(3,900)
Foreign exchange differences	**(922)**	(148)
Balances at end of period	**$20,514**	$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 reserve account for the principal and interest payment of the loan amounting to $10.4 million as of September 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 Gironzentrale. 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. As of September 30, 2015, EBWPC has fully drawn the $315.0 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 $8.1 million as of September 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 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.

On April 30, 2015, EDC and the Noteholders amended the FXCN loan agreement to revise the interest rates 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, and to effect other amendments in order to align the same with other loan covenants of EDC. Change in interest rate of first tranche from 6.6173% to 5.25% and second tranche 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 September 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 depositary for Euroclear bank SA/NV and Clearstream Banking, *societe anonyme*. The Notes are listed on the SGX.

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

The Notes are direct, unconditional and unsecured obligations of the Parent Company, ranking *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Parent Company, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditor's right. As of September 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 September 30, 2015 and December 31, 2014 are as follows:

	September 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)	**(207)**	(263)
Balance at end of period	**$3,019**	$3,226

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

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

$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.

On September 29, 2015, the Parent Company fully settled the outstanding principal plus accrued interest totalling to $96.4 million.

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 September 29, 2015 and December 31, 2014, the Parent Company is in compliance with the terms of the Notes Facility Agreement.

As of September 29, 2015 and December 31, 2014, the unamortized debt issuance costs incurred amounted to nil and $1.1 million, respectively. The movements of the account are as follows:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balances at beginning of period	**$1,098**	$1,497
Accretion during the period charged to the "Interest expense and financing charges" account (see Note 15)	**(294)**	(399)
Unamortized debt issuance costs charged directly to the "Interest expense and financing charges" account (see Note 15)	**(804)**	–
Balances at end of period	**$–**	$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 September 30, 2015 and December 31, 2014, the unamortized debt issuance costs incurred in connection with the availment of long-term debt amounting to $3.0 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:

	September 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)	**(471)**	(647)
Balances at end of period	**$3,032**	$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 September 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 5^{th} anniversary of the Refinancing Date, (ii) 3.75% per annum from the 6^{th} until the 7^{th} anniversary of the Refinancing Date, and (iii) 3.90% per annum from the 8^{th} 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 September 30, 2015 and December 31, 2014, the unamortized debt issuance costs incurred in connection with FGPC's long-term debts amounting to $3.9 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:

	September 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)	**(1,015)**	(1,555)
Balances at end of period	**$3,885**	$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 September 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:

	September 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)	**(217)**	(352)
Foreign exchange difference	**(16)**	(3)
Balances at end of period	**\$333**	\$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. The 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 September 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 September 30, 2015 and December 31, 2014, FNPC made a total drawdown on the Export Credit Facility amounting to $194.0 million and $94.8 million, respectively.

In addition, FNPC pays a commitment fee 0.6% per annum on the undrawn amount. As of September 30, 2015 and December 31, 2014, total deferred debt issuance costs pertaining to the undrawn portion amounts to $7.2 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 issuance costs account as of September 30, 2015 and December 31, 2014 are as follows:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Balances at beginning of period	**$9,406**	$9,723
Additions during the period	**10,487**	–
Accretion during the period charged to "Property, plant and equipment" account	**(1,460)**	–
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	**$18,433**	$9,406

13. Other Noncurrent Liabilities

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Asset retirement obligations (Note 8)	**$18,918**	$18,183
Accrued sick and vacation leaves	**9,215**	9,209
Unearned revenue	**1,451**	–
Others	**13,785**	12,093
	$43,369	$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 September 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 September 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 September 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.

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

b. Retained Earnings

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.

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 \$22.7 million and \$72.0 million as of September 30, 2015 and December 31, 2014, respectively, and (b) the undistributed net earnings of investee companies (including consolidated subsidiaries) amounting to \$251.6 million and \$286.1 million as of September 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 are as follows:

	September 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	**6,500,000**	22,279,700
Balances at end of period	**57,624,700**	330,531,400

15. Costs and Expenses

Costs of sale of electricity

	For the Nine-Month Periods Ended September 30	
	2015	2014
Fuel cost	**$570,042**	$638,656
Depreciation and amortization (Notes 8 and 9)	**132,335**	110,527
Power plant operations and maintenance	**141,082**	116,825
Others	**30,917**	26,720
	$874,376	$892,728

General and administrative expenses

	For the Nine-Month Periods Ended September 30	
	2015	2014
Staff costs	**$53,720**	$43,863
Professional fees	**37,350**	34,779
Insurance, taxes and licenses	**31,601**	34,922
Depreciation and amortization (Notes 8 and 9)	**6,332**	7,973
Parts and supplies issued	**2,452**	3,888
Repairs and maintenance	**3,418**	4,070
Provision for doubtful accounts – net of recovery	**1,113**	1,091
Provision for impairment of parts and supplies inventories	**2,144**	145
Others	**18,330**	12,679
	$156,460	$143,410

Interest Expense and Financing Charges

	For the Nine-Month Periods Ended September 30	
	2015	2014
Interest on:		
Loans and bonds	**$119,208**	$107,835
Swap fees	**9,557**	10,782
Accretion on:		
Debt issuance cost (Note 12)	**5,015**	4,248
Asset retirement obligation (Note 13)	**672**	634

	For the Nine-Month Periods Ended September 30	
	2015	2014
Unamortized debt issuance cost	**804**	–
Liability from litigation	**131**	132
	$135,387	$123,631

16. Earnings Per Share Calculation

	For the Nine-Month Periods Ended September 30	
	2015	2014
(a) Net income attributable to equity holders of the Parent Company	**$119,892**	$162,820
Less dividends on preferred stocks	**(27,790)**	(27,589)
(b) Net income available to common stocks	**$92,102**	$135,231
(c) Weighted average number of common stocks for basic earnings per share	**3,574,782,212**	3,321,183,334
Basic Earnings Per Share (b/c)	**$0.026**	$0.041

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:

a. 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.

b. First Gen Group leases its office premises, where its corporate offices are located from First Philippine Realty Corporation (FPRC), a subsidiary of FPH.

c. 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).

d. 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).

e. 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 September 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 $18.6 million, exclusive of applicable VAT. The gain on sale amounted to $5.6 million.

   On July 24, 2014, EDC also sold Rig 15 to Thermaprime for $18.6 million and recognized a 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 September 30, 2015 and December 31, 2014, the Parent Company issued guarantees totaling to $6.1 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 nine-month period ended September 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:

			Transactions for the periods ended		Net Amounts due from/to related parties	
Related Party	Nature of Transactions	Terms	**September 30, 2015 (Unaudited)**	December 31, 2014 (Audited)	**September 30, 2015 (Unaudited)**	December 31, 2014 (Audited)
Due from related parties*						
FPIC	Interest-free advances	Unsecured & payable by demand	**$92**	($5)	**$864**	$772
LIRF	- do -	- do -	**(151)**	(300)	–	151
FGNEC	- do -	- do -	**(6)**	(16)	**178**	184
QRC)	- do -	- do -	**(217)**	32	–	217
Others	- do -	- do -	**(219)**	(30)	**978**	1,197
			($501)	($319)	**$2,020**	$2,521

			Transactions for the periods ended		Net Amounts due from/to related parties	
Related Party	Nature of Transactions	Terms	**September 30, 2015 (Unaudited)**	December 31, 2014 (Audited)	**September 30, 2015 (Unaudited)**	December 31, 2014 (Audited)
Due to related parties						
FGHC International Ltd.	Interest-free advances	Unsecured & payable by demand	**$–**	$–	**$145**	$145
LHC	Donation to Lopez Museum	- 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 September 30, 2015, the Parent Company purchased all Series "B" preferred stocks 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 September 30, 2015 and December 31, 2014

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Financial assets accounted for as cash flow hedge		
Derivative assets	**$7,451**	$5,006
Financial assets at FVPL		
Designated as at FVPL	**89,823**	11,708
Loans and receivables		
Cash and cash equivalents*	**818,153**	670,739
Receivables:		
Trade	**289,652**	369,876
Due from related parties	**2,020**	2,521
Others	**7,547**	14,588
Long-term receivables	**20,744**	763
Special deposits and funds	**2,660**	2,446
Other current assets	**816**	322
Total loans and receivables	**1,141,592**	1,061,255

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
AFS financial assets		
Debt securities	**5,662**	5,811
Equity securities	**1,173**	591
Proprietary club membership shares	**1,014**	1,014
Total AFS financial assets	**7,849**	7,416
	$1,246,715	$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 September 30, 2015 and December 31, 2014:

	September 30, 2015 (Unaudited)						
		Past Due but Not Impaired					
	Neither Past Due nor Impaired	**Less than 30 Days**	**31 Days to 1 Year**	**Over 1 Year up to 3 Years**	**Over 3 Years**	**Past Due and Impaired**	**Total**
Loans and receivables:							
Cash and cash equivalents	**$818,153**	–	–	–	–	–	**$818,153**
Trade receivables	**219,356**	**11,833**	**1,201**	**57,262**	–	**1,950**	**291,602**
Due from related parties	**2,020**	–	–	–	–	–	**2,020**
Other receivables	**6,093**	**996**	**407**	**51**	–	–	**7,547**
Long-term receivables	**20,744**	–	–	–	–	**1,471**	**22,215**
Special deposits and funds	**2,660**	–	–	–	–	–	**2,660**
Other current assets	**816**	–	–	–	–	–	**816**
AFS financial assets:							
Debt securities	**5,662**	–	–	–	–	–	**5,662**
Equity securities	**1,173**	–	–	–	–	–	**1,173**
Proprietary club membership shares	**1,014**	–	–	–	–	–	**1,014**
Financial assets at FVPL - Designated as at FVPL	**89,823**	–	–	–	–	–	**89,823**
Financial assets accounted for as cash flow hedge - Derivative assets	**7,451**	–	–	–	–	–	**7,451**
Total	**$1,174,965**	**$12,829**	**$1,608**	**$57,313**	**$–**	**$3,421**	**$1,250,136**

	December 31, 2014 (Audited)						
		Past Due but Not Impaired					
	Neither Past Due nor Impaired	Less than 30 Days	31 Days to 1 Year	Over 1 Year up to 3 Years	Over 3 Years	Past Due and Impaired	Total
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 September 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 September 30, 2015 and December 31, 2014:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Trade receivables from Meralco	**$131,866**	$181,152
Trade receivables from NPC	**55,985**	83,615
Total credit concentration risk	**$187,851**	$264,767
Total receivables	**$299,219**	$386,985
Credit concentration percentage	**62.8%**	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 nine-month period ended September 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.

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Long-term debts (current and non-current portions)	**$2,935,154**	$2,845,038
Loans payable	**26,496**	–
Total debt	**$2,961,650**	$2,845,038
Equity attributable to the equity holders of the Parent Company	**$1,657,118**	$1,498,081
Non-controlling interests	**395,335**	414,525
Total equity	**$2,052,453**	$1,912,606
Total debt and equity	**$5,014,103**	$4,757,644
Debt ratio	**59:41**	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 September 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 September 30, 2015 and December 31, 2014 that are carried in the unaudited interim condensed consolidated financial statements:

	September 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	**$7,451**	**$7,451**	$5,006	$5,006
Financial assets at FVPL -				
Designated as at FVPL	**89,823**	**89,823**	11,708	11,708
Loans and receivables:				
Cash and cash equivalents	**819,912**	**819,912**	673,893	673,893
Receivables:				
Trade	**289,652**	**289,652**	369,876	369,876
Due from related parties	**2,020**	**2,020**	2,521	2,521
Others	**7,547**	**7,547**	14,588	14,588
Long-term receivables	**20,744**	**19,652**	763	718
Special deposits and funds	**2,660**	**2,660**	2,446	2,446
Other current assets	**816**	**816**	322	322
Total loans and receivables	**1,143,351**	**1,142,259**	1,064,409	1,064,364
AFS financial assets -				
Debt securities	**5,662**	**5,662**	5,811	5,811
Equity securities	**1,173**	**1,173**	591	591
Proprietary club membership shares	**1,014**	**1,014**	1,014	1,014
Total AFS financial assets	**7,849**	**7,849**	7,416	7,416
	$1,248,474	**$1,247,382**	$1,088,539	$1,088,494

	September 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*	**$390,163**	**$390,163**	$302,465	$302,465
Due to related parties	**145**	**145**	146	146
Dividends payable	–	–	20,056	20,056
Loans payable	**26,496**	**26,496**	–	–
Long-term debts	**2,935,154**	**3,273,702**	2,845,038	3,258,600
Total financial liabilities at amortized cost	**3,351,958**	**3,690,506**	3,167,705	3,581,267
Financial liability accounted for as cash flow hedges -				
Derivative liabilities	**35,770**	**35,770**	33,347	33,347
	$3,387,728	**$3,726,276**	$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 2.74% and 3.06% as of September 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 0.3314% to 1.9180% and 0.2523% to 1.6590% as of September 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 September 30, 2015 and December 31, 2014 ranging from 0.148% to 2.513% 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 2.89% on September 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 Philippine Peso interest rates ranging from 2.97% to 3.18% on September 30, 2015 and prevailing credit-adjusted PDST-F interest rates ranging from 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.

	September 30, 2015 (Unaudited)			
	Fair value	**Level 1**	**Level 2**	**Level 3**
Loans and receivables:				
Long-term receivables	**$19,652**	**$–**	**$–**	**$19,652**
AFS financial assets:				
Debt securities	**5,662**	**5,662**	**–**	**–**
Equity securities	**1,173**	**1,173**	**–**	**–**
Financial assets accounted for as cash flow hedges - Derivative assets	**7,451**	**–**	**7,451**	**–**
Financial assets at FVPL – Designated as at FVPL	**89,823**	**–**	**89,823**	**–**
Financial liabilities accounted for as cash flow hedges - Derivative liabilities	**35,770**	**–**	**35,770**	**–**

	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 September 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 September 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.

	September 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	**$–**	**$35.77**	**$523.30**	$1.56	$29.21	$398.11
Cross currency swaps	**7.45**	**–**	**$110.00**	3.45	3.79	$110.00
Foreign currency forwards	**–**	**–**		–	0.35	€8.00
Total derivatives	**$7.45**	**$35.77**		$5.01	$33.35	
Presented as:						
Current	**$1.15**	**$0.33**		$0.49	$0.42	
Noncurrent	**6.30**	**35.44**		4.52	32.93	
Total derivatives	**$7.45**	**$35.77**		$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 September 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 $19.1 million (net of related deferred tax effect of $8.2 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 September 30, 2015 and December 31, 2014, the aggregate 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 $0.3 million (net of related deferred income tax effect of $0.1 million) loss and $1.6 million (net of related deferred income tax effect of $1.1 million) gain, respectively.

There was no ineffective portion recognized in the unaudited interim consolidated statements of income for the nine-month periods ended September 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 September 30, 2015 and December 31, 2014 are as follows:

	September 30, 2015 (Unaudited)	December 31, 2014 (Audited)
Notional amount	**$373,303**	$398,106
Cumulative mark-to-market losses	**(27,704)**	(29,207)
Cumulative mark-to-market gains	–	1,558

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

	September 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	**(9,612)**	(10,539)
Fair value changes realized during the period	**9,557**	14,276
Fair value at end of period	**(27,704)**	(27,649)
Deferred tax effect on cash flow hedges	**8,311**	8,295
Fair value deferred into equity	**($19,393)**	($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 nine-month periods ended September 30, 2015 and 2014, the fair value changes taken to the unaudited interim consolidated statements of income amounted to $9.6 million and $10.8 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 September 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 $0.2 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 September 30, 2015 and December 31, 2014, respectively. As of September 30, 2015 and December 31, 2014, the fair values of the outstanding NDCCS amounted to $7.5 million and $3.4 million, 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 September 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 $7.8 million and $3.8 million loss as of September 30, 2015 and December 31, 2014, respectively. As of September 30, 2015 and December 31, 2014, the fair values of the outstanding IRS amounted to $8.1 million and $3.8 million, 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 $3.1 million and $89.1 million loss as of September 30, 2015 and December 31, 2014, respectively, were recognized under the "Cumulative translation adjustments" account in the unaudited interim consolidated statements of financial position. No ineffective portion was recognized in the unaudited interim consolidated statements of income for the nine-month periods ended September 30, 2015 and year ended December 31, 2014.

As of September 30, 2015 and December 31, 2014, the net movements of changes recognized under the "Cumulative translation adjustments" account pertaining to EDC's cash flow hedges are as follows:

	September 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	**(3,143)**	(89,137)
Fair value change realized during the period	**2,850**	87,673
Realized foreign exchange losses taken to unaudited interim consolidated statements of income	**(3,922)**	(1,181)
	(7,925)	(3,710)
Deferred income tax effect on cash flow hedges	**175**	(352)
Fair value deferred into equity	**($7,750)**	($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 Siemens Power Operations, Inc. (SPOI).

Under the agreements, FGPC and FGP were 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 was from January 6, 2015 up to February 3, 2015, which coincided with the settlement of the outstanding and forecasted monthly payables to SPOI.

As of September 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 nine-month period ended September 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:

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

	September 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 cyclicality of interim operations

Except for FG Hydro's and FG Bukidnon's sale of electricity coming from hydroelectric power/operations, seasonality or cyclicality 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 cyclicality.

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

<u>EDC</u>
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 $8.8 million (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.

EDC signs EPC contract for Power Plant of Bac-Man 3 Project
EDC has signed a design and equipment supply contract with Hyundai Engineering Co., Ltd. (HEC) and a construction services contract with Galing Power & Energy Construction Co. Inc., both dated September 15, 2015 for the engineering, procurement and construction of its 31-MW Bac-Man 3 geothermal power plant in Barangays Capuy, Bucalbucan, Rizaland Bulabog, Sorsogon City, Sorsogon Province. The Bac-Man 3 project has an estimated project cost of ₱7.6 billion and is targeted to be completed and operational by the last quarter of 2017.

21. Events After Financial Reporting Period

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

Deposits for future stock subscriptions
On October 30, 2015, the Parent Company received ₱100.0 million ($2.1 million) from FPH as deposits for future stock subscription for the initial subscription to the Series "H" preferred stocks.

EDC
Declaration of Cash Dividends
During the September 9, 2015 BOD meeting, EDC approved the declaration of a special cash dividend of ₱0.11 per share on the common shares in favor of common shareholders of record as of September 23, 2015, payable on or before October 7, 2015.

BGI Loan
On September 9, 2015, BGI completed the execution of separate loan agreements with BDO, BPI and Security Bank for the total amount of ₱5.0 billion. The initial drawdown amounting to ₱2.5 billion was made on October 7, 2015. The remaining ₱2.5 billion will be drawn on December 7, 2015. BDO Capital acted as a structuring supervisor and sole bookrunner. As part of the agreement, BGI will provide a debt service reserve account for the principal and interest payment of the loan.