

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Dear Stockholders:

Please be notified that the Annual Meeting of Stockholders of Semirara Mining and Power Corporation (the "Corporation") will be held on **May 7, 2018, Monday at 10:00 o'clock in the morning at the Main Lounge, Manila Polo Club, Inc., McKinley Road, Forbes Park, Makati City, Philippines**, with the following agenda:

- 1) CALL TO ORDER & PROOF OF NOTICE OF MEETING
- 2) CERTIFICATION OF QUORUM
- 3) APPROVAL OF MINUTES OF PREVIOUS STOCKHOLDER'S MEETING HELD ON MAY 2, 2017
- 4) APPROVAL OF MANAGEMENT REPORT
- 5) RATIFICATION OF THE ACTS OF THE BOARD OF DIRECTORS AND MANAGEMENT FROM THE DATE OF THE LAST ANNUAL STOCKHOLDER'S MEETING UP TO THE DATE OF THIS MEETING
- 6) APPROVAL ON RE-APPOINTMENT OF INDEPENDENT EXTERNAL AUDITOR
- 7) ELECTION OF DIRECTORS FOR 2018-2019
- 8) ADJOURNMENT

Stockholders of record as of **March 8, 2018** will be entitled to notice of, and vote at the said annual meeting or any adjournment or postponement thereof. Submission of proxies shall be no later than **April 27, 2018** and validation thereof on **May 3, 2018**, 4:00 o'clock in the afternoon at the office of the Corporation.

On the day of the meeting, you or your duly designated proxy is hereby required to bring this notice, proper authorization and forms of identification, i.e., driver's license, company, GSIS, SSS and the other valid identification to facilitate registration. Our registration starts at exactly 8:45 and closes at 9:45 o'clock in the morning.

Makati City, Metro Manila, February 22, 2018.



JOHN R. SADULLO
Corporate Secretary
For the Board of Directors

*Semirara Mining and Power Corporation's Dividend Policy: Minimum of 20% of Net Profit after Taxes starting from the period ending December 31, 2005, provided however that the Board of Directors shall have the option to declare more than 20%, if there is excess cash and less than 20%, if no sufficient cash is available.

On March 27 and August 9, 2017 the Corporation declared cash dividends of Php5.00 each with Record Dates on April 11 and August 25, 2017 and Payment Dates on April 25 and September 2017, respectively. The Corporation also declared on February 23, 2017 300% stock dividends with Record Date on September 15 and Payment Date on October 11, 2017.

SEMIRARA MINING AND POWER CORPORATION
Annual Stockholders' Meeting
May 7, 2018, 10:00 A.M.
Main Lounge, Manila Polo Club, Inc.
McKinley Road, Forbes Park, Makati City

**RATIONALE FOR EACH AGENDA FOR APPROVAL OF THE STOCKHOLDER AND
PROFILE OF NOMINEES FOR DIRECTORS**

Agenda		Rationale
Item No. 3	Approval of the Minutes of previous meeting held on May 2, 2017.	Every Annual Stockholder's Meeting of the Corporation the minutes of previous meetings are presented to the stockholders for their approval.
Item No. 4	Approval of Management Report.	At every Annual Stockholder's Meeting of the Corporation, the Management of the Corporation presents to the stockholders for approval the results of its operations and financial performance of the Corporation for past year.
Item No. 5	Ratification of the acts of the Board of Directors and Management from the date of the last Annual Stockholders' Meeting up to the date of this Meeting.	At every Annual Stockholder's Meeting of the Corporation seeks ratification of the acts of the Board of Directors and Management. The resolutions of the Board are enumerated on Schedule 3 of its SEC Form 20-IS.
Item No. 6	Re-Appointment of SGV & Co. as Independent External Auditor.	Based on the Audit Committee's evaluation of SGV's performance, independence, qualifications and with due regard of management feedback.
Item No. 7	Election of Directors for 2018-2019.	

PROFILE OF DIRECTORS

(1) ISIDRO A. CONSUNJI

69, Filipino, is a Director of SMPC since May 2001 and became the Chairman of the Board in November 2014. Currently, he serves as the Chief Executive Officer; and Member of the Corporate Governance Committee and Risk Committee, respectively.

Education:

B.S. Civil Engineering, University of the Philippines; Master's Degree in Business Economics, Center for Research & Communication; Master's Degree in Business Management, Asian Institute of Management; Advanced Management, IESE School in Barcelona, Spain. He is a Civil Engineer by profession.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Director & President*;
Crown Equities, Inc., *Director*; and
Atlas Consolidated Mining and Development Corporation, *Director*.

Other Directorships/Positions:

SEM-Calaca Power Corporation, *Chairman & CEO*;
Southwest Luzon Power Generation Corporation, *Chairman & CEO*;
Semirara Claystone Inc., *Chairman & CEO*;
Semirara Energy Utilities Inc., *Chairman & CEO*;
Southeast Luzon Power Generation Corporation, *Chairman & CEO*;
SEM-Cal Industrial Park Developers Inc., *Chairman & CEO*;
DMCI Mining Corporation, *Chairman & CEO*;
St. Raphael Power Generation Corporation, *Chairman*;
ENK Plc (U.K.), *Chairman*;
DMCI Masbate Power Corporation, *Vice-Chairman*;
Dacon Corporation, *Director*;
M&S Company Inc., *Director*;
DMCI Projects Developers, Inc., *Director*;

Toledo Mining Corporation Plc (U.K.), *Director*;
Semirara Cement Corporation, *Director & President*;
Maynilad Water Services, *Director*;
Private Infra Dev Corp., *Director*;
SEM-Calaca Res Corporation, *Director*; and
Asian Institute of Management, *Board of Trustee*.

Former Affiliations:

Philippine Constructors Association, *President*; and
Philippine Chamber of Coal Mines, Inc., *President*.

(2) **VICTOR A. CONSUNJI**

67, Filipino, is a Director of SMPC since May 2001 and became the Vice-Chairman of the Board in November 2014. Currently, he is the President and Chief Operating Officer; and Member of the Risk Committee.

Education:

A.B. Political Science, Ateneo de Davao.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Director*

Other Directorships/Positions:

SEM-Calaca Power Corporation, *President & COO*;
Semirara Claystone Inc., *President & COO*;
Semirara Energy Utilities Inc., *President & COO*;
Southeast Luzon Power Generation Corporation, *President & COO*;
Southwest Luzon Power Generation Corporation, *President & COO*;
SEM-Cal Industrial Park Developers Inc., *President & COO*;
Semirara Training Center, Inc., *Chairman, President & CEO*;
DMCI Power Corporation, *Chairman and CEO*;
Sirawai Plywood & Lumber Corp., *Chairman & President*;
SEM-Calaca Res Corporation, *Chairman & President*;
Divine Word School of Semirara Island, Inc., *Chairman*;
D.M. Consunji, Inc., *Director*;
M&S Company, Inc., *Director*;
Dacon Corporation, *Director & Vice-President*;
Sodaco Agricultural Corporation, *Director*;
DMC Urban Property Developers, Inc., *Director*;
Ecoland Properties, Inc., *Director*;
DMCI Masbate Power Corporation, *Director*;
St. Raphael Power Generation Corporation, *Director*;
Checklink Holdings, Inc., *Director*;
DMCI Mining Corporation, *Director*; and
Sirawai Plywood & Lumber Corp., *President*.

Former Affiliations:

One Network Bank, *Chairman*.

(3) **JORGE A. CONSUNJI**

66, Filipino, is a Director of SMPC since May 2001.

Education:

B.S. Industrial Management Engineering, De La Salle University.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Director*.

Other Directorships/Positions:

DMCI Masbate Power Corporation, *Chairman*;
Dacon Corporation, *Director*;

DMCI Project Developers, Inc., *Director*;
SEM-Calaca Power Corporation, *Director*;
Southwest Luzon Power Generation Corporation, *Director*;
Semirara Claystone Inc., *Director*;
Semirara Energy Utilities Inc., *Director*;
Southeast Luzon Power Generation Corporation, *Director*;
SEM-Cal Industrial Park Developers Inc., *Director*;
SEM-Calaca Res Corporation, *Director*;
Cotabato Timberland Co., Inc., *Director*;
M&S Company, Inc., *Director*;
Sodaco Agricultural Corporation, *Director*;
DMCI Mining Corporation, *Director*;
DMCI Power Corporation, *Director*;
Eco-Process & Equipment Phils. Inc., *Director*;
Maynilad Water Services, Inc., *Director*;
D.M. Consunji, Inc., *President & COO*;
Royal Star Aviation, Inc., *President & COO*; and
Divine Word School of Semirara Island, Inc., *Trustee & Vice-President*.

Former Affiliations:

Contech Panel Mfg., Inc., *Chairman*;
St. Raphael Power Generation Corporation, *Director*;
Wire Rope Corp. of the Philippines, *Chairman*;
St. Raphael Power Generation Corporation, *Director*;
ACEL, *President*; and
Phil. Constructors Association, *Vice-President*.

(4) **CESAR A. BUENAVENTURA**

88, Filipino, is a Director of SMPC since May 2001.

Education:

Bachelor of Science in Civil Engineering, University of the Philippines; M.S. Civil Engineering, Lehigh University, Bethlehem, Pennsylvania (Fulbright Scholar). In 1991, He was made Honorary Officer of the Order of the British Empire (OBE) by Her Majesty Queen Elizabeth II.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Director*;
iPeople, Inc., *Director*; and
PetroEnergy Resources Corp., *Director*.

Other Directorships/Positions:

Maibarara Geothermal, Inc., *Chairman*;
Atlantic Gulf & Pacific Company of Manila (AG&P), *Vice-Chairman*;
Montecito Properties, Inc., *Vice-Chairman*;
Semirara Cement Corporation, *Vice-Chairman*;
Montecito Properties, Inc., *Director*;
Pilipinas Shell Petroleum Corporation, *Director*;
Philippine American Life Insurance Company, *Director*;
Manila International Airport Authority, *Director*;
Pilipinas Shell Foundation, Inc., *Founding Chairman*; and
Makati Business Club, *Founding Member of the Board of Trustees*.

Former Affiliations:

President of the Benigno S. Aquino Foundation, *President*;
Asian Institute of Management, *Member of the Board of Trustees*;
Shell Group of Companies, *CEO*;
Central Bank of the Philippines, *Member of the Monetary Board*;
Philippine International Convention Center, *Director*;
University of the Philippines, *Member of the Board of Regents*;
Ayala Corporation, *Director*;
First Philippine Holdings Corporation, *Director*;

Philippine Airlines, *Director*;
Philippine National Bank, *Director*;
Benguet Corporation, *Director*;
Asian Bank, *Director*;
Ma. Cristina Chemical Industries, *Director*; and
Paysetter International Inc., *Director*.

(5) **HERBERT M. CONSUNJI**

65, Filipino, is a Director of SMPC since May 2001. He also serves as a Member of SMPC's Audit Committee.

Education:

Bachelor of Science in Commerce Major in Accounting, De La Salle University; and Top Management Program, Asian Institute of Management. He is a Certified Public Accountant.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Director, Vice-President & CFO*

Other Directorships/Positions:

DMCI Power Corporation, *Director*;
DMCI Mining Corporation, *Director*;
SEM-Calaca Power Corp., *Director*;
Semirara Claystone Inc., *Director*;
Southwest Luzon Power Generation Corporation, *Director*;
Subic Water & Sewerage Corp., *Director*;
SEM-Cal Industrial Park Developers Inc., *Director*; and
SEM-Calaca Res Corporation, *Director & Treasurer*.

(6) **MARIA CRISTINA C. GOTIANUN**

63, Filipino, is a Director of SMPC since May 2006 and currently serves as the Executive Vice-President and Chief Information Officer; and member of the Compensation & Remuneration Committee, Risk Committee, and Compliance Committee, respectively.

Education:

B.S. Business Economics, University of the Philippines; and majored in Spanish at the Instituto de Cultura Hispanica in Madrid, Spain.

Directorship in Listed Companies:

None.

Other Directorships/Positions:

Dacon Corporation, *Director and Corporate Secretary*;
D.M. Consunji, Inc., *Vice-President for Finance & Administration & CFO*;
DMC-Project Developers, Inc., *Finance Director*;
SEM-Calaca Power Corporation, *Director & Treasurer*;
Southwest Luzon Power Generation Corporation, *Director & Treasurer*;
Semirara Claystone Inc., *Director & Treasurer*;
Semirara Energy Utilities Inc., *Director & Treasurer*;
Southeast Luzon Power Generation Corporation, *Director & Treasurer*;
DMCI Power Corporation, *Director & Treasurer*;
DMCI Masbate Power Corporation, *Director & Treasurer*;
SEM-Cal Industrial Park Developers Inc., *Director & Treasurer*;
Daveprime Holdings, Inc., *Director*;
DMCI Holdings, Inc., *Asst. Treasurer (listed company)*; and
Divine Word School of Semirara Island, Inc., *Trustee, CFO & Corporate Secretary*.

Former Affiliations:

St. Raphael Power Generation Corporation, *Director and Treasurer*.

(7) **MA. EDWINA C. LAPERAL**

56, Filipino, is a Director of SMPC since May 2007.

Education:

B.S. Architecture, University of the Philippines; Master's Degree in Business Administration, University of the Philippines; Executive Certificate for Strategic Business Economics Program, University of Asia & The Pacific. She is a License Architect.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Director & Treasurer.*

Other Directorships/Positions:

Dacon Corporation, *Director & Treasurer;*
D.M. Consunji, Inc., *Director & Treasurer;*
DFC Holdings, Inc., *Director & Treasurer;*
DMCI Project Developers, Inc., *Director & SVP-Treasurer;*
Artregard Holdings, Inc., *Director & Vice-President;*
SEM-Calaca Power Corporation, *Director;*
DMC Urban Property Developers, Inc., *Director & President;* and
Southwest Luzon Power Generation Corporation, *Director*

Former Affiliations:

Institute of Corporate Directors, *Fellow*
United Architects of the Philippines, Makati Chapter
Guild of Real Estate Entrepreneurs and Professionals

(8) **JOSEFA CONSUELO C. REYES**

70, Filipino, is a Director of SMPC since March 2015.

Education:

AB Economics, University of British Columbia, Vancouver, Canada. She took Strategic Business Economics Program at the University of Asia and the Pacific in 2007.

Directorship in Listed Companies:

None.

Other Directorships/Positions:

SEM-Calaca Power Corporation, *Director*
Southwest Luzon Power Generation Corporation, *Director*
Manila Herbal & Essential Oils Co., Inc., *General Manager*
Philippine Coffee Board, *Corporate Secretary*
Ecology Village Association, *Director and Chairperson.*

Former Affiliations:

Ecology Village Association, *Director & Vice-President.*

(9) **LUZ CONSUELO A. CONSUNJI**

64, Filipino, is a Director of SMPC since May 2, 2017.

Education:

Bachelor's Degree in Commerce Major in Management, Assumption College; and Master's Degree in Business Economics, University of Asia and the Pacific.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Director.*

Other Directorships/Positions:

SEM-Calaca Power Corporation, *Director*
Southwest Luzon Power Generation Corporation, *Director*
South Davao Development Co., *Director;*
Zanorte Palm-Rubber Corp., *Director;*

Dacon Corporation, *Director*; and
Missionaries of Mary Mother of the Poor, *Treasurer*.

Former Affiliations:

One Network Bank, *Director*; and
Mary Mother of the Poor Foundation, *Treasurer*.

(10) ROGELIO M. MURGA

83, Filipino, is an Independent Director of SMPC since November 2014, and also serves as the Chairman of the Compensation & Remuneration Committee, Corporate Governance Committee, and Risk Committee, respectively; and Member of the Audit Committee. He is also the Lead Director appointed by the Board in compliance with the Code of Corporate Governance for publicly-listed companies.

Education:

Bachelor of Science degree in Mechanical Engineering, University of the Philippines (1958); Senior Management Program, Harvard Business School in Vevey, Switzerland (1980); and was conferred in Honorary Degree of Doctor of Science – *Honoris Causa* by Feati University (2004).

Directorship in Listed Companies:

None.

Other Directorships/Positions:

Private Infra Dev Corp., Currently, *Chairman & CEO*;
SEM-Calaca Power Corporation, *Independent Director*;
Meralco Industrial Engineering Services Corp., *Independent Director*; and
Southwest Luzon Power Generation Corporation, *Independent Director*.

Former Affiliations:

National Power Corporation, *President & CEO*;
EEI Corporation, *Vice-Chairman, Director, President & COO*;
Philippine Constructors Association, *President*;
International Federation of Asian and Western Pacific Contractors Association, *President*;
Management Association of the Philippines, *Member*;
Philippine Chamber of Commerce and Industry, *Chairman of the Committee on Engineering and Construction*;
DCCD Engineering Corporation, *Consultant*; and
National University, *Engineering Professor*.

(11) HONORIO O. REYES-LAO

73, Filipino, is an Independent Director of SMPC since May 2, 2017. He is also the Chairman of the Audit Committee; and Member of the Compensation & Remuneration Committee, Corporate Governance Committee, and Risk Committee, respectively.

Education:

Bachelor of Arts Major in Economics, De La Salle University; Bachelor of Science in Commerce, Major in Accounting, De La Salle University; and Master's Degree in Business Management, Asian Institute of Management.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Independent Director*; and
Philippine Business Bank, *Independent Director*

Other Directorships/Positions:

SEM-Calaca Power Corporation, *Independent Director*
Southwest Luzon Power Generation Corporation, *Independent Director*
Space2place, Inc., *Independent Director*.

Former Affiliations:

Gold Venture Lease and Management Services Inc. (2008-2009);

First Sovereign Asset Management Corporation (2004-2006);

CBC Forex Corporation (1998-2002);

CBC Insurance Brokers, Inc. (1998-2004);

CBC Properties and Computers Center, Inc. (1993-2006);

Institute of Corporate Directors, *Fellow*;

Rotary Club of Makati West, *Member/Treasurer*; and

Makati Chamber of Commerce and Industries, *President*.

COVER SHEET

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SEC Registration Number

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C	O	R	P	O	R	A	T	I	O	N											

(Company's Full Name)

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M	A	K	A	T	I	C	I	T	Y													

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

John R. Sadullo (Contact Person)
--

888-3055 (Company Telephone Number)

1 2	3 1
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(Fiscal Year)

2 0 - I S

(Form Type)

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Month Day
(Annual Meeting¹)

--

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

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Amended Articles Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic Foreign

To be accomplished by SEC Personnel concerned

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File Number

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S T A M P S

Remarks: Please use BLACK ink for scanning purposes.

¹ First Monday of May of each year.

Republic of the Philippines}
Makati City, Metro Manila} S.S.

CERTIFICATION

I, **JOHN R. SADULLO**, of legal age, Filipino, with office address located at 2nd Floor, DMCI Plaza, 2281 Don Chino Roces Avenue, Makati City, under oath, do hereby depose and state that:

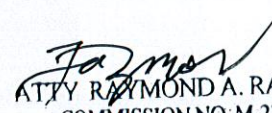
1. I am the incumbent Corporate Secretary of **Semirara Mining and Power Corporation**, (the "Corporation"), a corporation duly organized and existing under the laws of the Republic of the Philippines, with the same office address above-mentioned;
2. As such, I am the custodian of, and have access to, the corporate minutes of meetings, books and records of the Corporation;
3. Based on available records with the Corporation none of the named directors and officers of the Corporation are working or connected with, directly or indirectly, with the Government; and
4. I am issuing this Certification to attest to the truthfulness of the information contained in the Corporation's Information Statement (SEC Form 20-IS) and in compliance with the requirement of the Securities and Exchange Commission.

IN ATTESTATION OF THE ABOVE, I have signed this Certificate this 19th day of March 2018, at Makati City, Philippines.


JOHN R. SADULLO
Corporate Secretary

SUBSCRIBED AND SWORN, to before me on this MAR 21 2018 day of March 2018, at Makati City, by John R. Sadullo who has satisfactory proven to me his identity through his Passport with No. P0031808A issued at DFA, Manila on October 11, 2016, bearing his photograph and signature; and that he is the same person who personally signed before me the foregoing Secretary's Certificate and acknowledged that he executed the same.

Doc. No. 84 ;
Page No. 18 ;
Book No. 48 ;
Series of 2018.


ATTY. RAYMOND A. RAMOS
COMMISSION NO: M-277
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2018
NO. 15 J.P. RIZAL EXTN. COR. TANGUILE ST
COMEMBO, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 022957/01-04-2018/Pasig City
PTR NO MKT-6614630, 01-03-2018/MAKATI CITY
MCLE Compliance No. V-0004514/10-31-2014

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ROGELIO M. MURGA**, of legal age, Filipino, with address located at No. 5 Kalaw, Miranila Homes, Brgy. Pasong Tamo, Quezon City, after being duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Semirara Mining and Power Corporation (the "Corporation") and have been its independent director since November 11, 2014.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Private Infra Dev Corporation	Chairman and CEO	2009 – Present
Meralco Industrial Engineering Services Corp.	Independent Director	2007 – Present
SEM-Calaca Power Corporation	Independent Director	2015 – Present
Southwest Luzon Power Generation Corporation	Independent Director	2017 – Present


3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any of the directors/officers/substantial shareholders of the Corporation, its subsidiaries and affiliates, nor a relative in any other way than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not an officer or director of any government agency.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. That I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

Done on this 21 day of MAR 21 2018 2018, Makati City, Metro Manila, Philippines.


ROGELIO M. MURGA
Affiant

SUBSCRIBED AND SWORN to before me on this 21 day of MAR 21 2018 2018, affiant exhibited to me his Philippine Passport with No. EC3766038 and will expire on March 22, 2020 bearing his photograph and signature, and that he is the same person who personally signed before me the foregoing Certification and acknowledged that he executed the same.

Doc. No. 81 ;
Page No. 18 ;
Book No. 48 ;
Series of 2018.


ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-277
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2018
NO. 15 J.P. RIZAL EXTN. COR. TANGULE ST
COMEMBO, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 022957/01-04-2018/Pasig City
PTR NO MK1-6614630, 01-03-2018/MAKATI CITY
MCLF Compliance No. V-0004514/10-31-2014

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **HONORIO O. REYES-LAO**, of legal age, Filipino, with address located at No. 10 Dampol St., Damar Village, Quezon City, after being duly sworn to in accordance with law do hereby declare that:

1. I am an independent director of Semirara Mining and Power Corporation (the "Corporation") elected by the stockholders at its annual meeting held on May 2, 2017.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
DMCI Holdings, Inc.*	Independent Director	2009-present
Philippine Business Bank*	Director	2010-present
Space2Place, Inc.	Chairman, Director	2014-present
Southwest Luzon Power Generation Corporation	Independent Director	2017-Present
SEM-Calaca Power Corporation	Independent Director	2017-Present

**listed company*

3. I possess all the qualifications and none of the disqualifications to serve as an independent director of the Corporation, as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to any of the directors/officers/substantial shareholders of the Corporation, its subsidiaries and affiliates, nor a relative in any other way than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not an officer or director of any government agency.
7. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code and its Implementing Rules and Regulations, Code of Corporate Governance and other SEC issuances.
8. That I shall inform the Corporate Secretary of the Corporation of any changes in the above-mentioned information within five (5) days from its occurrence.

Done on this MAR 21 2018 day of _____ 2018, Makati City, Metro Manila, Philippines.




HONORIO O. REYES-LAO

Affiant MAR 21 2018
day of _____

SUBSCRIBED AND SWORN to before me on this _____ day of _____ 2018, affiant exhibited to me his Philippine Passport with No. EC0087958 issued on January 23, 2014 at DFA, Manila bearing his photograph and signature, and that he is the same person who personally signed before me the foregoing Certification and acknowledged that he executed the same.

Doc. No. 52 ;
Page No. 18 ;
Book No. 48 ;
Series of 2018.



ATTY. RAYMOND A. RAMOS
COMMISSION NO. M-277
NOTARY PUBLIC FOR MAKATI CITY
UNTIL DECEMBER 31, 2018
NO. 15 J.P. RIZAL EXTN. COR. TANGUILE ST
COMEMBO, MAKATI CITY
SC Roll No. 62179/04-26-2013
IBP NO. 022957/01-04-2018/Pasig City
PTR NO MKI-0614630, 01-03-2018/MAKATI CITY
MCLT: Compliance No. V-0004514/10-31-2014

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check appropriate box
 Preliminary Information Statement
 Definitive Information Statement
2. Name of Corporation as specified in its charter: **Semirara Mining and Power Corporation**
3. Province, Country, or other jurisdiction of incorporation or organization: **Philippines**
4. SEC Identification No.: **91447**
5. BIR Tax Identification No.: **000-190-324-000**
6. Address of Principal office: **2/F DMCI Plaza, 2281 Don Chino Roces Ave., Makati City, Philippines**
7. Corporation's telephone number, including area code: **(2) 888-3000, 816-7301 to 10**
8. Date, time and place of meeting of Security Holders: **May 7, 2018, 10:00 A.M., Main Lounge, Manila Polo Club, Inc., McKinley Rd., Forbes Park, Makati City 1220, Philippines**
9. Approximate Date on which the Information Statement is to be sent or given to Security Holders: **April 11, 2018**
10. **In case of Proxy Solicitations:**
Name of Person Filing the Statement/Solicitor: The Management of the Corporation
**Address and Telephone No.: 2/F DMCI Plaza
 2281 Don Chino Roces Ave., Makati City, Philippines
 (632) 888-3000/816-7301 to 10**
11. Securities registered pursuant to Sections 8 and 12 of the Securities Regulation Code or Sections 4 and 9 of the Revised Securities Act:

Title of Each Class	Number of Shares of Stock
Common Shares	4,264,609,290 ¹
12. Are any or all of Corporation's securities listed with the Philippine Stock Exchange?
 Yes No
 Listed at Philippine Stock Exchange: **Common Shares**

¹ 8,479,870 are treasury shares as of March 8, 2018, Record Date.

SEMIRARA MINING AND POWER CORPORATION
SEC FORM 20-IS

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NOTICE OF ANNUAL STOCKHOLDERS' MEETING
PROXY FORM
MANAGEMENT REPORT

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, Time and Place of Meeting

The enclosed Information Statement will be used in connection with the annual meeting of the stockholders of Semirara Mining and Power Corporation (the "Corporation" or "SMPC") to be held on **May 7, 2018, at 10:00 A.M., Main Lounge, Manila Polo Club, Inc., McKinley Rd., Forbes Park, Makati City 1220, Philippines.**

The Definitive Information Statement will be sent to the stockholders of record as of March 8, 2018 (the "Record Date") at least fifteen (15) business days prior to May 7, 2018 or not later than April 11, 2018. The matters to be considered and acted upon at such meeting are referred to in the Notice and are more fully discussed in this statement. SMPC's complete mailing address is at **2nd Floor, DMCI Plaza, 2281 Don Chino Roces Avenue, Makati City, Philippines.**

Item 2. Dissenter's Right of Appraisal

Pursuant to Sec. 81, BP 68 (Corporation Code of the Philippines), a stockholder has the right to dissent and demand payment of the fair value of his shares in the following instances:

- (a) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholders or class of shares, or of authorizing preferences in any respect superior to those of outstanding shares of any shares of any class, or of extending or shortening the term of corporate existence.
- (b) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets as provided in the Corporation Code;
- (c) In case the corporation decides to invest its funds in another corporation or business outside of its primary purpose; and
- (c) In case of merger or consolidation.

A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. The procedure for the exercise by a dissenting stockholder of his appraisal right is as follows:

- (a) The dissenting stockholder shall make a written demand on the corporation within 30 days after the date on which the vote was taken for payment for the fair value of his shares. The failure of the stockholder to make the demand within 30-day period shall be deemed a waiver on his appraisal right;
- (b) If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of corresponding certificate(s) of stock within 10 days after demanding payment for his shares (Sec. 86, BP 68), the fair value thereof; and
- (c) Upon payment of the agreed or awarded price, the stockholder shall transfer his share to the corporation.

Appraisal right is not available for any items of the agenda for the May 7, 2018 stockholders' meeting.

Item 3. Interest of Certain Persons in or Opposition to Matters to be acted upon

Other than election to office, no director, officer, nominee for election as director or associate of any of the foregoing have a substantial interest, direct or otherwise, in any matter to be acted upon at the annual stockholders' meeting.

No director has informed SMPC that he/she intends to oppose any action to be taken up by SMPC at the annual stockholders' meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

- (a) As of March 8, 2018 SMPC has 4,256,129,420 outstanding common shares.
- (b) The Board of Directors of SMPC has set March 8, 2018, as the Record Date to determine the stockholders entitled to notice of and to vote at the annual stockholders' meeting scheduled on May 7, 2018. SMPC's outstanding shares are all classified as common shares. Below is the equity ownership of foreigners in SMPC:

Location of Stockholders	No. of Stockholders	%	No. of Shares	%
China	7	1.00	377,560	0.00
India	1	0.14	10,520	0.00
United Kingdom	1	0.14	450	0.00
Others ²	1	0.14	322,830,800	7.58

- (c) At the annual stockholders' meeting to be held on May 7, 2018, the holders of common shares as of the Record Date shall be entitled to vote on the following items, each share of outstanding common stock shall be entitled to one (1) vote: (i) approval of the minutes of the previous meeting of stockholders held on May 2, 2017; (ii) approval of the Management Report; (iii) ratification of the acts of the Board of Directors and Management from the date of the last annual stockholder's meeting up to the date of this meeting; and (iv) approval of the re-appointment of the independent external auditor.

In the election of directors, every stockholder entitled to vote shall have the right to vote in person or by proxy the number of common shares of stock standing in his name as of Record Date. A stockholder entitled to vote may vote such number of shares for as many persons as there are directors to be elected, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. Provided, that the total number of votes cast by him shall not exceed the number of shares owned by him as shown in the books of SMPC multiplied by the whole number of directors to be elected. No discretionary authority to cumulate votes is being solicited.

- (d) **Security Ownership of Certain Record and Beneficial Owners and Management.** - The following table sets forth as of March 8, 2018, the record or beneficial owners of more than five percent (5%) of the outstanding common shares of SMPC and the amount of such record or beneficial ownership.

Title of Class	Name, Address of record owner and relationship with Issuer	Name of Beneficial Owner of more than 5% and Relationship with Record Owner	Citizenship	Amount/ Nature of Record/ Beneficial Ownership	Percent of Class
Common	DMCI Holdings, Inc. 3/F Dacon Bldg, 2281 Don Chino Roces Ave., Makati City, stockholder of record ³	See <i>Schedule 1</i>	Filipino	2,407,770,396	56.57%
Common	PCD Nominee Corp. (Filipino), stockholder of record	No stockholders owning 5% or more under PCD Nominee Corp. (Filipino)	Filipino	690,365,980	16.22%

² PCD Nominee Corp. (Foreign) as stated under Item 4(d) below.

³ Messrs. Isidro A. Consunji, Victor A. Consunji, Herbert M. Consunji and Cesar A. Buenaventura shall exercise the voting rights in behalf of DMCI Holdings, Inc.

Common	Dacon Corporation, Dacon Bldg., 2281 Don Chino Roces Ave., Makati City, stockholder of record ⁴	<i>See Schedule I</i>	Filipino	532,993,408	12.52%
Common	PCD Nominee Corp. (Non-Filipino), stockholder of record	No stockholders owning 5% or more under PCD Nominee Corp. (Foreign)	Foreign	322,830,800	7.58%

- (e) **Security Ownership of Management.** - The table sets forth as of March 8, 2018 the beneficial stock ownership of each director of SMPC and all officers and directors as a group.

Title of class	Name of beneficial owner	Amount and nature of beneficial ownership			Citizenship	%
		Direct	Indirect ⁵	Total		
Common	Isidro A. Consunji	24,144	4,679,672	4,703,816	Filipino	0.11
Common	Cesar A. Buenaventura	72,120	-	72,120	Filipino	0.00
Common	Victor A. Consunji	144	15,869,736	15,869,880	Filipino	0.37
Common	Jorge A. Consunji	500,144	1,914,956	2,415,100	Filipino	0.06
Common	Herbert M. Consunji	141,120	-	141,120	Filipino	0.00
Common	Honorio O. Reyes-Lao	1,236,040	562,480	1,798,520	Filipino	0.04
Common	Rogelio M. Murga	40,040	-	40,040	Filipino	0.00
Common	Maria Cristina C. Gotianun	1,428	10,390,389	10,391,817	Filipino	0.24
Common	Ma. Edwina C. Laperal	4,188	6,553,084	6,557,272	Filipino	0.15
Common	Josefa Consuelo C. Reyes	412,400	1,913,600	2,326,000	Filipino	0.05
Common	Luz Consuelo A. Consunji	45,040	-	45,040	Filipino	0.00
Common	Junalina S. Tabor	-	-	-	Filipino	0.00
Common	Jaime B. Garcia	576,432	-	576,432	Filipino	0.01
Common	Nena D. Arenas	16,000	-	16,000	Filipino	0.00
Common	John R. Sadullo	-	-	-	Filipino	0.00
Common	Antonio R. Delos Santos	60,000	-	60,000	Filipino	0.00
Common	Jose Anthony T. Villanueva	3,000	55,560	58,560	Filipino	0.00
Common	Andreo O. Estrellado	-	-	-	Filipino	0.00
Common	Sharade E. Padilla	22,500	1,080	23,580	Filipino	0.00
Common	Ruben P. Lozada	475,200	-	475,200	Filipino	0.01
Common	Carla Cristina T. Levina	-	-	-	Filipino	0.00
Common	Karmine Andrea B. San Juan	120	-	120	Filipino	0.00
Common	Jojo L. Tandoc	400	-	400	Filipino	0.00
Aggregate Ownership of all directors and officers as a group		3,630,460	41,940,557	45,571,017	Filipino	1.07

The percentages of ownership of the above officers and directors are minimal. There are no arrangements, which may result in a change in control of the registrant.

- (f) **Voting trust holders of five percent (5%) or more.** - There are no voting trust agreements or any other similar agreement which may result in a change in control of SMPC of which SMPC has any knowledge.
- (g) **Changes in Control.** - From May 2, 2017 to date, there has been no change in control in the Management of SMPC.
- (h) **Certain Relationship and Related Transactions.** - In 2017, Related Party Transactions are ordinary and normal in the course of business and did not include financial assistance or loans to affiliates or related entities which are not wholly-owned subsidiaries. Note 20 of the attached Audited Consolidated Financial Statements for the period ended December 31, 2017 indicate significant transactions with related parties. Below are the descriptions of said transactions:

⁴ Messrs. Isidro A. Consunji, Victor A. Consunji, Jorge A. Consunji, Maria Cristina C. Gotianun, Josefa Consuelo C. Reyes, Ma. Edwina C. Laperal, and Luz Consuelo A. Consunji shall exercise the voting rights in behalf of Dacon Corporation.

⁵ Shares are either held by members of the family sharing the same household or by a corporation of which the reporting person is a controlling shareholder.

2017

	Reference	Amount/Volume	Receivable (Payable)	Terms	Conditions
Trade receivables (Note 5)					
<i>Entities under common control</i>					
Sale of materials, services and reimbursement of shared expenses	(a)	₱153,390,884	₱241,052,373	Non-interest bearing, due and demandable	Unsecured, no impairment
Trade payables (Note 16)					
<i>Entities under common control</i>					
Reimbursement of shared expenses	(a)	32,000	(₱33,500)	30 days, non-interest bearing	Unsecured
Operation and maintenance fees	(c)	326,525,568	(26,468,360)	30 days, non-interest bearing	Unsecured
Coal handling services	(d)	853,745,798	(153,074,382)	30 days, non-interest bearing	Unsecured
Mine exploration and hauling services	(e)	64,800,000	(64,800,000)	30 days, non-interest bearing	Unsecured
Construction and other outside services	(f)	966,832,736	(928,677,744)	30 days for monthly billings and portion after expiration of, retention period, non-interest bearing	Unsecured
Purchases of office supplies and refreshments	(g)	–	(523,461)	30 days, non-interest bearing	Unsecured
Office, parking and warehouse rental expenses	(h)	64,983,195	(66,885,951)	30 days, non-interest bearing	Unsecured
Aviation services	(i)	103,559,792	(12,241,378)	30 days, non-interest bearing	Unsecured
Arrastre and Cargo Services	(j)	5,685	(1,722,907)	30 days, non-interest bearing	Unsecured
Retention payable	(k)	5,699,192	(355,695,511)	30 days, non-interest bearing	Unsecured
		2,386,183,966	(₱1,610,123,194)		
Other noncurrent liabilities (Note 13)					
<i>Entities under common control</i>					
Retention payable	(k)	–	(₱46,231,575)	Non-interest bearing	Unsecured

2016

	Reference	Amount/Volume	Receivable (Payable)	Terms	Conditions
Trade receivables (Note 5)					
<i>Entities under common control</i>					
Sale of materials, services and reimbursement of shared expenses	(a)	₱32,118,987	₱76,578,145	Non-interest bearing, due and demandable	Unsecured, no impairment
Advances to suppliers - current (Note 9)					
<i>Entities under common control</i>					
Construction and outside services	(b)	₱165,442,477	₱234,206,485	Non-interest bearing, recoupment through monthly and final billings	Unsecured, no impairment
Trade payables (Note 16)					
<i>Entities under common control</i>					
Reimbursement of shared expenses	(a)	₱–	(₱44,705)	30 days, non-interest bearing	Unsecured
Operation and maintenance fees	(c)	362,640,742	(21,704,777)	30 days, non-interest bearing	Unsecured
Coal handling services	(d)	596,877,187	(109,561,084)	30 days, non-interest bearing	Unsecured
Mine exploration and hauling services	(e)	1,437,260,355	(751,942,643)	30 days, non-interest bearing	Unsecured
Construction and other outside	(f)	971,238,050	(1,640,659,137)	30 days for monthly	Unsecured

services				billings and portion after expiration of, retention period, non-interest bearing 30 days,	
Purchases of office supplies and refreshments	(g)	–	(1,500)	non-interest bearing 30 days,	Unsecured
Office, parking and warehouse rental expenses	(h)	8,485,610	(1,902,754)	non-interest bearing 30 days,	Unsecured
Aviation services	(i)	–	(12,725,108)	non-interest bearing 30 days,	Unsecured
Arrastre and Cargo Services	(j)	1,905,527	(1,666,049)	non-interest bearing 30 days,	Unsecured
Retention payable	(k)	15,780,000	(443,201,982)	non-interest bearing	Unsecured
		₱3,394,187,471	(₱2,983,409,739)		

Other noncurrent liabilities (Note 13)

<i>Entities under common control</i>					
Retention payable	(k)	₱152,468,242	(₱423,813,611)	Non-interest bearing	Unsecured

1. This pertains to the services rendered, deliveries of goods and reimbursement of expenses advanced by the Group to its affiliates. This includes contracted services, share in rental expenses, office materials and supplies, maintenance and renewal expenses of information systems and compensation settlement from DMCI for the delay of construction of 2x150MW coal-fired power plant of SLPGC.

All outstanding balances from affiliates are included in receivables under 'Trade receivable - related parties' in the consolidated statements of financial position.

1. In 2016, DMCI was engaged by SLPGC in the construction of the 2x150MW coal-fired power plant. Billings of DMCI was charged to 'Construction in progress' account. Advances to contractors amounting to ₱234.21 million is classified under 'Advances to suppliers and others' in the consolidated statements of financial position (see Note 9). These advances are recouped through monthly and final billings as the work progresses.
2. SCPC engaged DMCI Power Corporation (DMCI Power), an entity under common control of DMCI-HI, for the management, operation and maintenance of the power plant. The outstanding balances due to DMCI Power are included in the 'Trade payable - related parties' account in the consolidated statements of financial position (see Note 16).
3. SCPC and SLPGC entered into a voyage charter agreement with DMC Construction Equipment and Resources, Inc. (DMC CERI). The outstanding balances due to DMC CERI are included in the 'Trade payable - related parties' account in the consolidated statements of financial position (see Note 16).

SLPGC and SCPC hired St. John Bulk Handlers, Inc. (SJBHI) for its coal handling services. Cost of coal handling services provided by SJBHI to SLPGC are offset against commissioning revenue during the commissioning stage and included in the 'Cost of power sales' after start of commercial operations. While for SCPC, these are included in the 'Cost of power sales'. The outstanding balances are included in the 'Trade payable - related parties' account in the consolidated statements of financial position (see Note 16).

4. DMC-CERI had transactions with the Parent Company for services rendered relating to the Parent Company's coal operations. These include services for the confirmatory drilling for coal reserve and evaluation of identified potential areas, exploratory drilling of other minerals within Semirara Island, dewatering well drilling along cut-off wall of Panian mine and fresh water well drilling for industrial and domestic supply under an agreement. Expenses incurred for said services are included in cost of sales under 'Outside services' in the consolidated statements of comprehensive income (see Note 22).

DMC-CERI operate, maintain and manage Parent Company's marine vessel for use in shiploading and delivery of coal to its various customer. The coal freight billing is on a per metric ton basis plus demurrage charges for delays in loading and unloading of coal cargoes. Expenses incurred for these services are included in cost of sales under 'Hauling and shiploading costs' in the consolidated statements of comprehensive income (see Note 22).

Furthermore, DMC-CERI provides the Parent Company labor services relating to coal operations including those services rendered by consultants. Expenses incurred for said services are included in cost of sales under 'Direct labor' in the consolidated statements of comprehensive income (see Note 22).

Labor costs related to manpower services rendered by DMC-CERI represent actual salaries and wages covered by the period when the services were rendered to Parent Company in its coal operations. Under existing arrangements, payments of said salaries and wages are given directly to personnel concerned.

All outstanding balances to DMC-CERI are included in trade and other payables under 'Trade payable - related parties' in the consolidated statements of financial position (see Note 16).

5. The Group contracted DMCI for the construction of its 1 x 15 MW Power Plant located at Semirara Island and the construction of SLPGC's 2 x 150 MW coal-fired power plants in Batangas. Other services include on-going rehabilitation of existing power plant, and other constructions in compliance with its Corporate Social Responsibility (CSR) such as construction of covered tennis courts, track and field, perimeter fence and others. All outstanding balances to DMCI are lodged in trade and other payables under 'Trade payable - related parties' in the consolidated statements of financial position (see Note 16).
6. The Group Sirawai Plywood & Lumber Corp. and South Davao Development Corporation to supply various raw materials, office supplies and refreshments. The outstanding balance to and South Davao Development Corporation is lodged in trade and other payables under 'Trade payable - related parties' in the consolidated statements of financial position (see Note 16).
7. In 2017 and 2016, DMC Urban Property Developers, Inc. (DMC-UPDI) had transactions with the Group representing long-term lease on office space and other transactions rendered to the Parent Company necessary for the coal operations. Office rental expenses are included in cost of sales under 'Outside services' in the consolidated statements of comprehensive income (see Note 22). The outstanding balance to DMC-UPDI is lodged in trade and other payables under 'Trade payable - related parties' in the consolidated statements of financial position (see Note 16).
8. Royal Star Aviation Inc. provide maintenance services and hangarage for the Parent Company's aircraft use to transport supplies, employees and visitors in and out the minesite. The related expenses are included in cost of sales under 'Production overhead' in the consolidated statements of comprehensive income (see Note 22).

The outstanding balance to Royal Star Aviation, Inc. is lodged in trade and other payables under 'Trade payable - related parties' in the consolidated statements of financial position (see Note 16).
9. In 2017 and 2016, Vincent Arrastre and Cargo Services, Inc. had transactions with the Parent Company for shipsiding services. The outstanding balance to Vincent Arrastre and Cargo Services, Inc. is lodged in trade and other payables under 'Trade payables - related parties' in the consolidated statements of financial position (see Note 16).
10. In 2017 and 2016, the Group have retention payable to DMCI which represents amounts withheld from payments to contractors as guaranty for any claims against them. These are noninterest-bearing and will be remitted to contractors at the end of the contracted work. Current portion of the retention payable is lodged in trade and other payables under 'Trade payables - related parties' in the consolidated statements of financial position (see Note 16). The remaining noncurrent portion of the retention are lodged under 'Other noncurrent liabilities' in the consolidated statements of financial position (see Note 13).

Item 5. Directors and Executive Officers

(a) Names, ages and citizenship of all Directors, including Independent Directors and Executive Officers and all persons nominated or chosen to become such

1. **Directors.** - The following incumbent directors have been nominated to the Board of Directors for the ensuing year and have accepted their nomination:

No.	Board	Names	Citizenship	Age
1.	Chairman	Isidro A. Consunji	Filipino	69
2.	Vice-Chairman	Victor A. Consunji	Filipino	67
3.	Member	Jorge A. Consunji	Filipino	66
4.	Member	Cesar A. Buenaventura	Filipino	88
5.	Member	Maria Cristina C. Gotianun	Filipino	63
6.	Member	Ma. Edwina C. Laperal	Filipino	56
7.	Member	Herbert M. Consunji	Filipino	65
8.	Member	Josefa Consuelo C. Reyes	Filipino	70
9.	Member	Luz Consuelo A. Consunji	Filipino	64
10.	Independent	Honorio O. Reyes-Lao	Filipino	73
11.	Independent	Rogelio M. Murga	Filipino	83

Messrs. Isidro A. Consunji, Victor A. Consunji, Jorge A. Consunji, Herbert M. Consunji, Josefa Consuelo C. Reyes, Luz Consuelo A. Consunji, and Cesar A. Buenaventura were formally nominated to the Corporate Governance Committee by a shareholder of SMPC, Ms. Maria Cristina C. Gotianun on February 19, 2018. Ms. Gotianun is the sister of Messrs. Isidro A. Consunji, Victor A. Consunji, Jorge A. Consunji, Josefa Consuelo C. Reyes, Luz Consuelo A. Consunji and cousin of Mr. Herbert M. Consunji. She is not related to Mr. Cesar A. Buenaventura. Further, Meses. Maria Cristina C. Gotianun, and Ma. Edwina C. Laperal were nominated by Mr. Victor A. Consunji on February 21, 2018. Mr. Victor A. Consunji is the brother of Meses. Gotianun and Laperal. Finally, Messrs. Rogelio M. Murga and Honorio

O. Reyes-Lao, both independent directors, were nominated by Mr. Antonio C. Olizon on February 22, 2018. Mr. Olizon is a non-controlling stockholder of SMPC and is not related by affinity or consanguinity to the nominees.

The deadline for submission of nominees is not later than February 23, 2018 and the validation of proxy is scheduled on May 3, 2018, 4:00 p.m. at the office of SMPC and shall be conducted by the Special Committee of Inspectors designated by the Board.

The nominees to the Board for election at the annual stockholders' meeting on May 7, 2018, have served SMPC for at least five years except for Mr. Murga who joined the Corporation as Independent Director on November 11, 2014; Ms. Josefa Consuelo C. Reyes was appointed regular director on March 6, 2015; and Messrs. Luz Consuelo A. Consunji and Honorio O. Reyes-Lao were elected to the board at the annual stockholders' meeting on May 2, 2017.

The current members of the Corporate Governance Committee of SMPC are as follows: (1) Honorio O. Reyes-Lao (Chairman); (2) Rogelio M. Murga (Member); and (3) Isidro A. Consunji (Member).

The record of attendance of Directors to board meetings for the year 2017 is as follows:

Board	Name	Date of Election	Number of Meeting Held during the Year	Meetings Attended	%
Chairman	Isidro A. Consunji	May 2, 2017	11	11	100
Member	Victor A. Consunji	May 2, 2017	11	11	100
Member	Jorge A. Consunji	May 2, 2017	11	9	82
Member	Herbert M. Consunji	May 2, 2017	11	10	91
Member	Cesar A. Buenaventura	May 2, 2017	11	11	100
Member	Maria Cristina C. Gotianun	May 2, 2017	11	10	91
Member	Ma. Edwina C. Laperal	May 2, 2017	11	10	91
Member	Josefa Consuelo C. Reyes	May 2, 2017	11	11	100
Member	Luz Consuelo A. Consunji*	May 2, 2017	7	7	100
Independent	Rogelio M. Murga	May 2, 2017	11	10	91
Independent	Honorio O. Reyes-Lao*	May 2, 2017	7	7	100

*Messrs. Luz Consuelo A. Consunji and Honorio O. Reyes-Lao have attended only seven meetings of the board following their election on May 2, 2017.

2. Executive Officers. –

No.	Names	Position	Citizenship	Age
1.	Isidro A. Consunji	Chief Executive Officer	Filipino	69
2.	Victor A. Consunji	President & Chief Operating Officer	Filipino	67
3.	Maria Cristina C. Gotianun	Executive Vice-President & Chief Information Officer	Filipino	63
4.	Junalina S. Tabor	Chief Finance Officer	Filipino	54
5.	Jaime B. Garcia	VP-Procurement & Logistics	Filipino	62
6.	Nena D. Arenas	VP, Chief Governance Officer & Compliance Officer	Filipino	57
7.	John R. Sadullo	VP-Legal, Corporate Secretary and Counsel, and Corporate Information Officer	Filipino	47
8.	Antonio R. delos Santos	VP-Treasury	Filipino	65
9.	Jose Anthony T. Villanueva	VP-Marketing for Coal	Filipino	53
10.	Andreo O. Estrellado	VP-Marketing for Power	Filipino	56
11.	Ruben P. Lozada	VP-Mining Operations & Resident Manager	Filipino	62
12.	Carla Cristina T. Levina	VP-Chief Audit Executive	Filipino	33
13.	Sharade E. Padilla	AVP-Investor & Banking Relations	Filipino	39
14.	Karmine Andrea B. San Juan	AVP-Corporate Planning Power	Filipino	34
15.	Jojo L. Tandoc	AVP-Human Resources	Filipino	41

The summary of the qualifications of all incumbent Directors, nominees for directors for election at the annual stockholders' meeting and Executive Officers of SMPC is set forth in *Schedule 2* hereof.

- (b) **Term of Office.** - The term of office of the Directors and Executive Officers is one (1) year from their election as such and until their successors shall have been elected and qualified.
- (c) **Independent Directors.** - SMPC's Manual on Corporate Governance submitted to SEC on May 30, 2017 requires at least two (2) Independent Directors. On December 8, 2008, the SEC approved the amendment to SMPC's By-Laws to include Art. III thereof on the adoption of SRC Rule 38 which requires SMPC to have at least two (2) Independent Directors or such number of Independent Directors as shall constitute at least twenty percent (20%) of the members of its Board, whichever is lesser. The two (2) nominees for Independent Directors were nominated on February 22, 2018 by a stockholder of SMPC, Mr. Antonio C. Olizon and selected by the Corporate Governance Committee in accordance with the guidelines in the Revised Code of Corporate Governance (SEC Memorandum Circular No. 6, Series of 2009) and the Guidelines on the Nomination and Election of Independent Directors (SRC Rule 38).

SMPC abides with SRC Rule 38, its By-Laws, and the relevant or subsequent circulars, memoranda or notices of SEC regarding the qualifications, nomination and election, the submission of Certificate of Qualification, and the required number of independent directors. DMCI Holdings, Inc. (DHI) is the majority stockholder of SMPC and Mr. Honorio O. Reyes-Lao, the nominated independent director is a stockholder or independent director of DHI.

Further, the independent directors herein nominated, Rogelio M. Murga and Honorio O. Reyes-Lao were elected to the Board on November 11, 2014 and May 2, 2017, and have served as such for at least three (3) years and one (1) year on the date of the annual stockholders' meeting, respectively. Messrs. Murga and Reyes-Lao are compliant with the term limits pursuant to SEC Memorandum Circular No. 4, Series of 2017, which requires that independent directors shall serve for a maximum cumulative term of nine (9) years. Reckoning of the cumulative nine-year term is from 2012.

(d) **Other Directorship Held in Reporting Companies - Naming each Company. -**

Cesar A. Buenaventura	<ul style="list-style-type: none"> ▪ Vice Chairman, DMCI Holdings, Inc. ▪ Independent Director, PetroEnergy Resources Corporation ▪ Independent Director, iPeople, Inc.
Isidro A. Consunji	<ul style="list-style-type: none"> ▪ Chairman, President & CEO, DMCI Holdings, Inc. ▪ Director, Crown Equities, Inc. ▪ Director, Atlas Consolidated Mining and Development Corp.
Jorge A. Consunji	<ul style="list-style-type: none"> ▪ Director, DMCI Holdings, Inc.
Victor A. Consunji	<ul style="list-style-type: none"> ▪ Director, DMCI Holdings, Inc.
Herbert M. Consunji	<ul style="list-style-type: none"> ▪ Director, DMCI Holdings, Inc.
Ma. Edwina C. Laperal	<ul style="list-style-type: none"> ▪ Director, DMCI Holdings, Inc.
Honorio O. Reyes-Lao	<ul style="list-style-type: none"> ▪ Independent Director, DMCI Holdings, Inc. ▪ Director, Philippine Business Bank
Luz Consuelo A. Consunji	<ul style="list-style-type: none"> ▪ Director, DMCI Holdings, Inc.

- (e) **Family Relationship.** - Messrs. Isidro A. Consunji, Victor A. Consunji, Jorge A. Consunji, Maria Cristina C. Gotianun, Josefa Consuelo C. Reyes, Luz Consuelo A. Consunji and Ma. Edwina C. Laperal are siblings, and Mr. Herbert M. Consunji is their cousin.
- (f) **Legal Proceedings.** - None of the directors, executive officers, and nominee for regular or independent director was involved in the past five (5) years in any bankruptcy proceeding. Except for the criminal cases below, neither have they been convicted by final judgment in any criminal proceeding, nor been subject to any order, judgment or decree, not subsequently reversed, suspended or vacated, of any court competent jurisdiction, domestic or foreign, permanently or

temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation and the judgment has not been reversed, suspended, or vacated.

Below are the pending criminal cases filed against the directors of SMPC, Messrs. Isidro A. Consunji, Cesar A. Buenaventura and Ma. Edwina C. Laperal:

- (1) ***Pp. vs. Consunji, et. al., Criminal Case No. Q-02-114052, RTC-QC, Branch 78.*** - A complaint for violation of Article 315(2)(a) of the Revised Penal Code, as qualified by Presidential Decree No. 1689 was filed in RTC-QC Branch 78 as Criminal Case No. Q-02-114052 pursuant to a resolution of the Quezon City Prosecutor dated December 3, 2002 in I.S. No. 02-7259 finding probable cause against the directors and officers of Universal Leisure Club (ULC) and its parent company, Universal Rightfield Property Holdings, Inc., including Isidro A. Consunji as former Chairman, Cesar A. Buenaventura and Ma. Edwina C. Laperal as former directors of ULC. Complainants claim to have been induced to buy ULC shares of stock on the representation that ULC shall develop a project known as “a network of 5 world clubs.”

The case was re-raffled to RTC-QC Branch 85 (the “Court”). On January 10, 2003 respondents filed their Motion for Reconsideration on the resolution dated December 3, 2002 recommending the filing of the complaint in court, which was granted on August 18, 2003. Accordingly, a Motion to Withdraw Information was filed in Court. On September 11, 2003, complainants’ sought reconsideration of the resolution withdrawing the information, but was denied by the City Prosecutor. By reason of the denial, Complainants’ filed a Petition for Review with the Department of Justice (DOJ) on August 26, 2005.

Meanwhile, the Court granted the withdrawal of information on June 6, 2005. Complainants filed a Motion for Reconsideration and Urgent Motion for Inhibition, but were both denied by the Court in its Omnibus Order dated November 29, 2005. Thereafter, a Notice of Appeal was filed by the complainants, but was ordered stricken out from records by the Court for being unauthorized and declaring the Omnibus Order final and executory in its Order dated February 22, 2007. The Petition for Review, however, filed by the Complainants with the DOJ on August 26, 2005 is pending to date.

- (2) ***Rodolfo V. Cruz, et. al. vs. Isidro A. Consunji, et. al., I.S. Nos. 03-57411-I, 03-57412-I, 03-57413-I, 03-57414-I, 03-57415-I, 03-57446-I and 03-57447-I, Department of Justice, National Prosecution Service.*** - These consolidated cases arose out of the same events in the immediately above-mentioned case likewise pending before the DOJ.

In its 1st Indorsement dated December 9, 2003, the City Prosecutor for Mandaluyong City, acting on a motion for inhibition filed by complainants recommended that further proceedings be conducted by the DOJ. In an order dated February 3, 2004, the DOJ designated State Prosecutor Geronimo Sy to conduct the preliminary investigation of this case. The last pleading filed is a notice of change of address dated June 27, 2008 filed by complainants’ counsel. The case remains pending to date.

- (g) **Significant Employees.** - Except for the above directors and officers, SMPC has no other significant employees (as the term is defined under the SRC and its implementing rules and regulations).

Item 6. Compensation of Directors and Executive Officers

- (a) **Compensation of Directors and Executive Officers.** - All executive officers of SMPC are elected or appointed by the Board of Directors and serve for one year and until their successors are duly elected and qualified. Set forth below are the names of the CEO and four (4) most highly compensated officers of SMPC:

Name and Principal Position	Years	Salary	Bonus	Other Annual Compensation
Isidro A. Consunji Chairman & CEO				
Victor A. Consunji Vice Chairman, President and COO				
Maria Cristina C. Gotianun EVP & Corporate Information Officer				
Jaime B. Garcia VP Procurement & Logistics				
Ruben P. Lozada VP Mining Operations & Resident Manager				
	2016	17,764,658.23	72,635,882.37	4,747,729.01
	2017	17,915,500.07	113,823,529.00	5,329,468.01
	2018*	17,915,500.07	113,823,529.00	5,329,468.01
	Total	P53,595,658.37	P300,282,940.37	P15,406,665.03
All other Directors and Officers as a group	2016	12,842,073.14	43,233,823.29	16,752,616.55
	2017	21,927,420.06	37,694,117.65	19,907,299.84
	2018*	21,927,420.06	37,694,117.65	19,907,299.84
	Total	P56,696,913.26	P118,622,058.59	P56,567,216.23

*Approximate amounts

The amount reflected as compensation of the named executive officers represents salary approved by SMPC's Board of Directors. The amounts indicated in relation thereto are restated to conform to the new accounting standards.

Executive directors of SMPC receive an annual retainer fee of Php240,000.00 as approved in the May 2009 annual stockholders' meeting. In May 2015 however, the stockholders approved the increase in retainer fees of non-executive and independent directors to Php150,000.00 or Php1,800,000.00 per annum effective June 1, 2015. Fixed per diem of Php20,000.00 for every meeting held and attended by each director who serves as Chairman or a member of SMPC's Board Committees remained unchanged. Aside from executive directors with employment compensation, there are no other directors with arrangements such as consulting contracts.

- (b) **Employment Contracts, Compensatory Plan or Arrangement.** - There is no contract covering their employment with SMPC and they hold office by virtue of their election and/or appointment to office. SMPC has no agreements with its named executive officers regarding any bonus, profit sharing, except for benefits for which they may be entitled under SMPC's retirement plan. On the other hand, members of the Board of Directors may be granted bonuses in accordance with SMPC's By-laws.
- (c) **Stock Warrants or Options.** - There are no outstanding warrants, options, or right to repurchase any securities held by the directors or executive officers of SMPC.

Item 7. Independent Public Accountant

The accounting firm of SyCip Gorres Velayo & Co. ("SGV") is currently, and for the fiscal year recently completed, SMPC's independent public accountant, Ms. Cyril Jasmin B. Valencia has been appointed as the partner-in-charge.

Representatives of SGV are expected to be present at the stockholders' meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

There have been no changes in or disagreement with SMPC's accountants on accounting and financial disclosures.

Pursuant to the General Requirements of SRC Rule 68, paragraph 3 (Qualifications and Reports of Independent Auditors), the Corporation has engaged the services of SGV as external auditor, and Ms. Cyril Jasmin B. Valencia is the Partner-In-Charge for less than five years or starting 2012. There is compliance with SEC Circular No. 8 Series of 2003 and SRC Rule 68(3)(B)(ix) (Rotation of External Auditors).

On February 22, 2018 the Board of Directors of SMPC, upon recommendation of its Audit Committee, approved and recommended the re-appointment of SGV, subject to stockholders' approval, as the Corporation's Independent External Auditor for the fiscal year 2018.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Not applicable for annual stockholders' meeting.

D. OTHER MATTERS

Item 8. Summary of matters to be submitted for Stockholders' approval:

- (a) **Approval of Minutes of the Previous Meeting of Stockholders held last May 2, 2017.** - Below is the summary of items and/or resolutions approved at the Annual Stockholders' Meeting last May 2, 2017:
 - (1) Approval of the Previous Minutes of the Stockholders' Meeting held on May 2, 2016;
 - (2) Approval of Management Report for fiscal year 2017;
 - (3) Ratification of the Acts of the Board for the year 2016;
 - (4) Approval of amendment to Art. VII of the Corporation's Articles of Incorporation increasing the authorized capital stock from Php3,000,000,000.00 to Php10,000,000,000.00;
 - (5) Approval of 300% stock dividend; and
 - (6) Appointment of the SGV, as the Independent External Auditor for the year 2017.
- (b) **Approval of Management Report.** - The President shall report on the results of operations and financial performance of SMPC.
- (c) **Ratification of the Acts of the Board of Directors and Officers for the Preceding Year until the Date of the Annual Stockholders Meeting.** - Resolutions, contracts, and acts of the board of directors and management for ratification refer to those passed or undertaken by them during the year and for the day to day operations of SMPC as contained or reflected in the attached annual report and financial statements. The summary of acts and resolutions of the Board of Directors for the year 2017 is set forth in *Schedule 3*.
- (d) **Approval of the re-appointment of an Independent External Auditor.** - SyCip Gorres Velayo & Co. was recommended by the Board of Directors as SMPC's Independent External Auditor.
- (e) **Election of Directors for 2018-2019.** - Election of the eleven (11) directors of SMPC to serve for one (1) year and until their successors are duly elected and qualified.

Item 9. Voting Procedures. - The counting and validation of votes shall be supervised by a committee appointed by the Nomination and Election Committee headed by the Corporate Secretary. SMPC appointed SGV & Co. as independent body to count and validate the votes by poll cast by the shareholders during the Annual Stockholder Meeting.

- (a) **Approval of Minutes of Previous Meeting of Stockholders**
 - (1) Vote required. A majority of the outstanding common stock present constituting a quorum.
 - (2) Method by which the vote shall be counted. Each outstanding common share shall be entitled to one (1) vote. The casting of votes shall be by secret ballot.

(b) Approval of Management Report

- (1) Vote required. A majority of the outstanding common stock present in person or in proxy constituting a quorum.
- (2) Method by which the vote shall be counted. Each outstanding common share shall be entitled to one (1) vote. The casting of votes shall be by secret ballot.

(c) Ratification of the acts of the Board of Directors and Officers for the Preceding Year until the Date of the Annual Stockholders Meeting

- (1) Vote required. A majority of the outstanding common stock present in person or in proxy provided a quorum.
- (2) Method by which the vote shall be counted. Each outstanding common share shall be entitled to one (1) vote. The casting of votes shall be by secret ballot.

(d) Approval of the re-appointment of Independent External Auditor

- (1) Vote required. A majority of the outstanding common stock present in person or in proxy provided a quorum.
- (2) Method by which the vote shall be counted. Each outstanding common share shall be entitled to one (1) vote. The casting of votes shall be by secret ballot.

(e) Election of Directors

- (1) Vote Required. The eleven (11) directors receiving the highest number of votes shall be declared elected.
- (2) Cumulative voting applies. Under this method of voting, a stockholder entitled to vote shall have the right to vote in person or by proxy the number of shares of stock standing in his own name on the stock books of SMPC as of the Record Date and said stockholder may vote such number of shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit. The votes shall be counted by secret ballot.

The quorum required in the election of directors is majority of the outstanding capital stock entitled to vote. The eleven (11) nominees obtaining the highest number of votes in accordance with Section 24 of the Corporation Code shall be proclaimed directors.

SMPC's Management does not intend to bring any matter before the meeting other than those set forth in the Notice in the annual meeting of stockholders and does not know of any matters to be brought before the meeting by others.

Item 10. Market for Registrant's Common Equity and Related Stockholder Matters

Please refer to Part II, pages 11-14 of the Management Report attached to this Information Statement.

**PART II
PROXY FORM
SEMIRARA MINING AND POWER CORPORATION**

Item 1. Identification. This proxy is being solicited by the **MANAGEMENT OF SEMIRARA MINING AND POWER CORPORATION** (the "**Corporation**" or "**SMPC**"). The Chairman of the Board of Directors or, in his absence, the President of SMPC will vote the proxies at the Annual Stockholders' Meeting to be held on **May 7, 2018, 10:00 o'clock in the morning, Main Lounge, Manila Polo Country Club, Inc., McKinley Rd., Forbes Park, Makati City 1220, Philippines.**

Item 2. Instructions.

- (a) The proxy must be duly accomplished by the stockholder of record as of Record Date, or his duly authorized agent. In case of a stockholder that is a corporation or a partnership, the proxy must be accomplished by the officer or agent that is duly authorized to do so by virtue of an appropriate corporate or partnership resolution.

- (b) Duly accomplished proxies must be delivered to the Corporate Secretary of SMPC not later than April 27, 2018, 5:30 p.m. at the following address: **SEMIRARA MINING AND POWER CORPORATION, 2nd Floor DMCI Plaza, 2281 Don Chino Roces Avenue, Makati City, Philippines.**
- (c) In case of a corporate stockholder, the proxy must be accompanied by a corporate secretary's certificate quoting the board resolution authorizing the relevant corporate officer to execute the proxy for the corporate stockholder.
- (d) In case of shares of stock owned jointly by two or more persons, the consent of all co-owners must be necessary for the execution of the proxy. For persons owning shares in an "and/or" capacity, any one of them may execute the proxy.
- (e) Validation of proxies will be conducted by the Special Committee of Inspectors designated by the Board on May 3, 2018, 4:00 o'clock in the afternoon at the 2nd Floor, DMCI Plaza, 2281 Don Chino Roces Avenue, Makati City, Philippines. Any dispute which may arise pertaining to the validation shall be resolved by the Securities and Exchange Commission upon formal complaint filed by the aggrieved party.
- (f) Unless otherwise indicated by the stockholder, a stockholder shall be deemed to have designated the Chairman of the Board of Directors, or in his absence, the President of SMPC, as his proxy for the annual stockholders meeting to be held on May 7, 2018.
- (g) If the number of shares of stock is left in blank, the proxy shall be deemed to have been issued for all of the stockholder's shares of stock in SMPC as of Record Date.
- (h) The manner in which this proxy shall be accomplished, as well as the validation hereof shall be governed by the provisions of SRC Rule 20.11.2.
- (i) The stockholder executing the proxy shall indicate the manner by which he wishes the proxy to vote on the matters in (1), (2), (3), (4), and (5) below by checking the appropriate box. **WHERE THE BOXES (OR ANY OF THEM) ARE UNCHECKED, THE STOCKHOLDER EXECUTING THE PROXY IS DEEMED TO HAVE AUTHORIZED THE PROXY TO VOTE IN FAVOR OF THE ITEMS SPECIFIED HEREUNDER.**

The Undersigned Stockholder hereby appoints:

- (a) **The Chairman of the Board of Directors of SMPC, or in his absence, the Vice-Chairman or the President, or in their absence,**
- (b) _____

as his/her/its Proxy to attend the stockholders' meeting of SMPC, and any adjournment or postponement thereof, and thereat to vote all shares of stock held by the undersigned as specified below and on any matter that may properly come before said meeting.

1. Approval of minutes of previous Annual Stockholder's meeting held on May 2, 2017.

For Against Abstain

2. Approval of Management Report.

For Against Abstain

3. Ratification of the acts of the Board of Directors and Management from the date of the last Annual Stockholders' Meeting up to the date of this Meeting.

For Against Abstain

4. Approval of the re-appointment of SyCip Gorres Velayo & Co. as Independent External Auditor for year 2018.

For Against Abstain

5. Election of Directors for 2018-2019.

For all the nominees below, except those whose names are stricken out.

WITHHOLD AUTHORITY TO VOTE FOR ALL NOMINEES LISTED BELOW.

(Instructions: TO STRIKE OUT A NAME OR WITHHOLD TO VOTE FOR ANY INDIVIDUAL NOMINEE, DRAW A LINE THROUGH THE NOMINEE’S NAME IN THE LIST BELOW).

Nominees:

- | | |
|-------------------------------|-----------------------------|
| 1. ISIDRO A. CONSUNJI | 7. MA. EDWINA C. LAPERAL |
| 2. VICTOR A. CONSUNJI | 8. JOSEFA CONSUELO C. REYES |
| 3. JORGE A. CONSUNJI | 9. LUZ CONSUELO A. CONSUNJI |
| 4. CESAR A. BUENAVENTURA | 10. ROGELIO M. MURGA* |
| 5. HERBERT M. CONSUNJI | 11. HONORIO O. REYES-LAO* |
| 6. MARIA CRISTINA C. GOTIANUN | |

**Nominated as Independent Directors*

Item 3. Revocability of Proxy. – Any stockholder who executes the proxy enclosed with this statement may revoke it at any time before it is exercised. The proxy may be revoked by the stockholder executing the same at any time by submitting to the Corporate Secretary a written notice of revocation not later than the start of the meeting, or by attending the meeting in person and signifying his intention to personally vote his shares. Shares represented by an unrevoked proxy will be voted as authorized by the stockholder.

Item 4. Persons Making the Solicitation. – The solicitation is made by the Management of SMPC. No director of SMPC has informed in writing that he intends to oppose an action intended to be taken up by the Management of SMPC at the annual meeting. Solicitation of proxies shall be made through the use of mail or personal delivery. SMPC will shoulder the cost of solicitation involving reproduction and mailing of this proxy in an estimated amount of Php90,000.00, more or less.

Item 5. Interest of Certain Persons in Matters to be Acted Upon. – No director, officer, nominee for director, or associate of any of the foregoing, has any substantial interest, direct or indirect, by security holdings or otherwise, on the matter to acted upon at the annual stockholders’ meeting to be held on May 7, 2018.

Number of Shares Held as of Record Date : _____

Date of Proxy (Signature above printed name, including title when signing for a corporation or partnership or as an agent, attorney or fiduciary).

ACCOMPANYING THIS INFORMATION STATEMENT ARE COPIES OF THE FOLLOWING:


1. NOTICE OF THE ANNUAL STOCKHOLDERS’ MEETING CONTAINING THE AGENDA THEREOF.
2. MANAGEMENT REPORT PURSUANT TO SRC RULE 20(4) INCLUDING MANAGEMENT DISCUSSION AND ANALYSIS AND INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS.
3. CONSOLIDATED AUDITED FINANCIAL STATEMENTS ENDING DECEMBER 31, 2017 AND 2016 INCLUDING THE STATEMENT OF MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL STATEMENTS.
4. PROXY INSTRUMENT.

**PART III
SIGNATURE**

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 hereunto duly authorized. After reasonable inquiry and to the best of my knowledge and belief, I certify that the information in this report is true, complete and correct.

SEMIRARA MINING AND POWER CORPORATION
ISSUER

By:


JOHN R. SADULLO
Corporate Secretary

Makati City, Philippines March 22, 2018.

SCHEDULE 1

The following is a disclosure of the beneficial owners of the shares held by DMCI Holdings, Inc. in SMPC as of March 8, 2018:

1.	Dacon Corporation	6,838,807,440	Common	51.51%
2.	DFC Holdings, Inc.	2,379,799,910	Common	17.92%
2.	PCD Nominee Corporation (Foreign)	2,091,541,252	Common	15.72%
3.	PCD Nominee Corporation (Filipino) ⁶	1,517,592,383	Common	11.43%

The following are the largest beneficial owners of the shares of Dacon Corporation:

Inglebrook Holdings, Inc.	4,086,945 shares	12.45%
Eastheights Holdings, Inc.	4,086,945 shares ⁷	12.45%

SCHEDULE 2 List of Candidates

In accordance with the Guidelines for Nomination of Directors, Manual on Corporate Governance, and SRC Rule 38, the Corporate Governance Committee has selected the following upon nomination to the Board of Directors at the Annual Stockholders' Meeting:

Directors

1. **ISIDRO A. CONSUNJI**

69, Filipino, is a Director of SMPC since May 2001 and became the Chairman of the Board in November 2014. Currently, he serves as the Chief Executive Officer; and Member of the Corporate Governance Committee and Risk Committee, respectively.

Education:

B.S. Civil Engineering, University of the Philippines; Master's Degree in Business Economics, Center for Research & Communication; Master's Degree in Business Management, Asian Institute of Management; Advanced Management, IESE School in Barcelona, Spain. He is a Civil Engineer by profession.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Director & President*;
Crown Equities, Inc., *Director*; and
Atlas Consolidated Mining and Development Corporation, *Director*.

Other Directorships/Positions:

SEM-Calaca Power Corporation, *Chairman & CEO*;
Southwest Luzon Power Generation Corporation, *Chairman & CEO*;
Semirara Claystone Inc., *Chairman & CEO*;
Semirara Energy Utilities Inc., *Chairman & CEO*;
Southeast Luzon Power Generation Corporation, *Chairman & CEO*;
SEM-Cal Industrial Park Developers Inc., *Chairman & CEO*;
DMCI Mining Corporation, *Chairman & CEO*;
St. Raphael Power Generation Corporation, *Chairman*;

⁶ PCD Nominee Corporation, a wholly-owned subsidiary of Philippine Depository and Trust Corporation ("PDTC"), is the registered owner of the shares in the books of the corporation's transfer agent in the Philippines. The beneficial owners of such shares are PDTC participants, who hold the shares on their behalf or on behalf of their clients. PDTC is a private company organized by major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.

⁷ Other beneficial owners of Dacon Corporation with the same number of shares are Gulfshore Inc., Valemount Corporation, Chrismon Investment Inc., Jagjit Holdings, Inc., La Lumiere Holdings, Inc., Rice Creek Holdings, Inc. while Double Spring Investments Corporation holds 114,429 shares or .34% of the issued and outstanding shares.

ENK Plc (U.K.), *Chairman*;
DMCI Masbate Power Corporation, *Vice-Chairman*;
Dacon Corporation, *Director*;
M&S Company Inc., *Director*;
DMCI Projects Developers, Inc., *Director*;
Toledo Mining Corporation Plc (U.K.), *Director*;
Semirara Cement Corporation, *Director & President*;
Maynilad Water Services, *Director*;
Private Infra Dev Corp., *Director*;
SEM-Calaca Res Corporation, *Director*; and
Asian Institute of Management, *Board of Trustee*.

Former Affiliations:

Philippine Constructors Association, *President*; and
Philippine Chamber of Coal Mines, Inc., *President*.

2. VICTORA A. CONSUNJI

67, Filipino, is a Director of SMPC since May 2001 and became the Vice-Chairman of the Board in November 2014. Currently, he is the President and Chief Operating Officer; and Member of the Risk Committee.

Education:

A.B. Political Science, Ateneo de Davao.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Director*

Other Directorships/Positions:

SEM-Calaca Power Corporation, *President & COO*;
Semirara Claystone Inc., *President & COO*;
Semirara Energy Utilities Inc., *President & COO*;
Southeast Luzon Power Generation Corporation, *President & COO*;
Southwest Luzon Power Generation Corporation, *President & COO*;
SEM-Cal Industrial Park Developers Inc., *President & COO*;
Semirara Training Center, Inc., *Chairman, President & CEO*;
DMCI Power Corporation, *Chairman and CEO*;
Sirawai Plywood & Lumber Corp., *Chairman & President*;
SEM-Calaca Res Corporation, *Chairman & President*;
Divine Word School of Semirara Island, Inc., *Chairman*;
D.M. Consunji, Inc., *Director*;
M&S Company, Inc., *Director*;
Dacon Corporation, *Director & Vice-President*;
Sodaco Agricultural Corporation, *Director*;
DMC Urban Property Developers, Inc., *Director*;
Ecoland Properties, Inc., *Director*;
DMCI Masbate Power Corporation, *Director*;
St. Raphael Power Generation Corporation, *Director*;
Checklink Holdings, Inc., *Director*;
DMCI Mining Corporation, *Director*; and
Sirawai Plywood & Lumber Corp., *President*.

Former Affiliations:

One Network Bank, *Chairman*.

3. **JORGE A. CONSUNJI**
66, Filipino, is a Director of SMPC since May 2001.

Education:

B.S. Industrial Management Engineering, De La Salle University.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Director*.

Other Directorships/Positions:

DMCI Masbate Power Corporation, *Chairman*;

Dacon Corporation, *Director*;

DMCI Project Developers, Inc., *Director*;

SEM-Calaca Power Corporation, *Director*;

Southwest Luzon Power Generation Corporation, *Director*;

Semirara Claystone Inc., *Director*;

Semirara Energy Utilities Inc., *Director*;

Southeast Luzon Power Generation Corporation, *Director*;

SEM-Cal Industrial Park Developers Inc., *Director*;

SEM-Calaca Res Corporation, *Director*;

Cotabato Timberland Co., Inc., *Director*;

M&S Company, Inc., *Director*;

Sodaco Agricultural Corporation, *Director*;

DMCI Mining Corporation, *Director*;

DMCI Power Corporation, *Director*;

Eco-Process & Equipment Phils. Inc., *Director*;

Maynilad Water Services, Inc., *Director*;

D.M. Consunji, Inc., *President & COO*;

Royal Star Aviation, Inc., *President & COO*; and

Divine Word School of Semirara Island, Inc., *Trustee & Vice-President*.

Former Affiliations:

Contech Panel Mfg., Inc., *Chairman*;

St. Raphael Power Generation Corporation, *Director*;

Wire Rope Corp. of the Philippines, *Chairman*;

St. Raphael Power Generation Corporation, *Director*;

ACEL, *President*; and

Phil. Constructors Association, *Vice-President*.

4. **CESAR A. BUENAVENTURA**
88, Filipino, is a Director of SMPC since May 2001.

Education:

Bachelor of Science in Civil Engineering, University of the Philippines; M.S. Civil Engineering, Lehigh University, Bethlehem, Pennsylvania (Fulbright Scholar). In 1991, He was made Honorary Officer of the Order of the British Empire (OBE) by Her Majesty Queen Elizabeth II.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Director*;

iPeople, Inc., *Director*; and

PetroEnergy Resources Corp., *Director*.

Other Directorships/Positions:

Maibarara Geothermal, Inc., *Chairman*;

Atlantic Gulf & Pacific Company of Manila (AG&P), *Vice-Chairman*;

Montecito Properties, Inc., *Vice-Chairman*;

Semirara Cement Corporation, *Vice-Chairman*;

Montecito Properties, Inc., *Director*;
Pilipinas Shell Petroleum Corporation, *Director*;
Philippine American Life Insurance Company, *Director*;
Manila International Airport Authority, *Director*;
Pilipinas Shell Foundation, Inc., *Founding Chairman*; and
Makati Business Club, *Founding Member of the Board of Trustees*.

Former Affiliations:

President of the Benigno S. Aquino Foundation, *President*;
Asian Institute of Management, *Member of the Board of Trustees*;
Shell Group of Companies, *CEO*;
Central Bank of the Philippines, *Member of the Monetary Board*;
Philippine International Convention Center, *Director*;
University of the Philippines, *Member of the Board of Regents*;
Ayala Corporation, *Director*;
First Philippine Holdings Corporation, *Director*;
Philippine Airlines, *Director*;
Philippine National Bank, *Director*;
Benguet Corporation, *Director*;
Asian Bank, *Director*;
Ma. Cristina Chemical Industries, *Director*; and
Paysetter International Inc., *Director*.

5. **HERBERT M. CONSUNJI**

65, Filipino, is a Director of SMPC since May 2001. He also serves as a Member of SMPC's Audit Committee.

Education:

Bachelor of Science in Commerce Major in Accounting, De La Salle University; and Top Management Program, Asian Institute of Management. He is a Certified Public Accountant.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Director, Vice-President & CFO*

Other Directorships/Positions:

DMCI Power Corporation, *Director*;
DMCI Mining Corporation, *Director*;
SEM-Calaca Power Corp., *Director*;
Semirara Claystone Inc., *Director*;
Southwest Luzon Power Generation Corporation, *Director*;
Subic Water & Sewerage Corp., *Director*;
SEM-Cal Industrial Park Developers Inc., *Director*; and
SEM-Calaca Res Corporation, *Director & Treasurer*.

6. **MARIA CRISTINA C. GOTIANUN**

63, Filipino, is a Director of SMPC since May 2006 and currently serves as the Executive Vice-President and Chief Information Officer; and member of the Remuneration & Compensation Committee, Risk Committee, and Compliance Committee, respectively.

Education:

B.S. Business Economics, University of the Philippines; and majored in Spanish at the Instituto de Cultura Hispanica in Madrid, Spain.

Directorship in Listed Companies:

None.

Other Directorships/Positions:

Dacon Corporation, *Director and Corporate Secretary*;
D.M. Consunji, Inc., *Vice-President for Finance & Administration & CFO*;
DMC-Project Developers, Inc., *Finance Director*;
SEM-Calaca Power Corporation, *Director & Treasurer*;
Southwest Luzon Power Generation Corporation, *Director & Treasurer*;
Semirara Claystone Inc., *Director & Treasurer*;
Semirara Energy Utilities Inc., *Director & Treasurer*;
Southeast Luzon Power Generation Corporation, *Director & Treasurer*;
DMCI Power Corporation, *Director & Treasurer*;
DMCI Masbate Power Corporation, *Director & Treasurer*;
SEM-Cal Industrial Park Developers Inc., *Director & Treasurer*;
Daveprime Holdings, Inc., *Director*;
DMCI Holdings, Inc., *Asst. Treasurer (listed company)*; and
Divine Word School of Semirara Island, Inc., *Trustee, CFO & Corporate Secretary*.

Former Affiliations:

St. Raphael Power Generation Corporation, *Director and Treasurer*.

7. MA. EDWINA C. LAPERAL

56, Filipino, is a Director of SMPC since May 2007.

Education:

B.S. Architecture, University of the Philippines; Master's Degree in Business Administration, University of the Philippines; Executive Certificate for Strategic Business Economics Program, University of Asia & The Pacific. She is a License Architect.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Director & Treasurer*.

Other Directorships/Positions:

Dacon Corporation, *Director & Treasurer*;
D.M. Consunji, Inc., *Director & Treasurer*;
DFC Holdings, Inc., *Director & Treasurer*;
DMCI Project Developers, Inc., *Director & SVP-Treasurer*;
Artregard Holdings, Inc., *Director & Vice-President*;
SEM-Calaca Power Corporation, *Director*;
DMC Urban Property Developers, Inc., *Director & President*; and
Southwest Luzon Power Generation Corporation, *Director*

Former Affiliations:

Institute of Corporate Directors, *Fellow*
United Architects of the Philippines, Makati Chapter
Guild of Real Estate Entrepreneurs and Professionals

8. JOSEFA CONSUELO C. REYES

70, Filipino, is a Director of SMPC since March 2015.

Education:

AB Economics, University of British Columbia, Vancouver, Canada. She took Strategic Business Economics Program at the University of Asia and the Pacific in 2007.

Directorship in Listed Companies:

None.

Other Directorships/Positions:

SEM-Calaca Power Corporation, *Director*
Southwest Luzon Power Generation Corporation, *Director*
Manila Herbal & Essential Oils Co., Inc., *General Manager*
Philippine Coffee Board, *Corporate Secretary*
Ecology Village Association, *Director and Chairperson.*

Former Affiliations:

Ecology Village Association, *Director & Vice-President.*

9. **LUZ CONSUELO A. CONSUNJI**

64, Filipino, is a Director of SMPC since May 2, 2017.

Education:

Bachelor's Degree in Commerce Major in Management, Assumption College; and Master's Degree in Business Economics, University of Asia and the Pacific.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Director.*

Other Directorships/Positions:

SEM-Calaca Power Corporation, *Director*
Southwest Luzon Power Generation Corporation, *Director*
South Davao Development Co., *Director*;
Zanorte Palm-Rubber Corp., *Director*;
Dacon Corporation, *Director*; and
Missionaries of Mary Mother of the Poor, *Treasurer.*

Former Affiliations:

One Network Bank, *Director*; and
Mary Mother of the Poor Foundation, *Treasurer.*

10. **ROGELIO M. MURGA**

83, Filipino, is an Independent Director of SMPC since November 2014, and also serves as the Chairman of the Compensation & Remuneration Committee, Corporate Governance Committee, and Risk Committee, respectively; and Member of the Audit Committee. He is also the Lead Director appointed by the Board in compliance with the Code of Corporate Governance for publicly-listed companies.

Education:

Bachelor of Science degree in Mechanical Engineering, University of the Philippines (1958); Senior Management Program, Harvard Business School in Vevey, Switzerland (1980); and was conferred in Honorary Degree of Doctor of Science – *Honoris Causa* by Feati University (2004).

Directorship in Listed Companies:

None.

Other Directorships/Positions:

Private Infra Dev Corp., Currently, *Chairman & CEO*;
SEM-Calaca Power Corporation, *Independent Director*;
Meralco Industrial Engineering Services Corp., *Independent Director*; and
Southwest Luzon Power Generation Corporation, *Independent Director.*

Former Affiliations:

National Power Corporation, *President & CEO*;
EEI Corporation, *Vice-Chairman, Director, President & COO*;
Philippine Constructors Association, *President*;

International Federation of Asian and Western Pacific Contractors Association, *President*;
 Management Association of the Philippines, *Member*;
 Philippine Chamber of Commerce and Industry, *Chairman of the Committee on Engineering and Construction*;
 DCCD Engineering Corporation, *Consultant*; and
 National University, *Engineering Professor*.

11. HONORIO O. REYES-LAO

73, Filipino, is an Independent Director of SMPC since May 2, 2017. He is also the Chairman of the Audit Committee; and Member of the Compensation & Remuneration Committee, Corporate Governance Committee, and Risk Committee, respectively.

Education:

Bachelor of Arts Major in Economics, De La Salle University; Bachelor of Science in Commerce, Major in Accounting, De La Salle University; and Master’s Degree in Business Management, Asian Institute of Management.

Directorship in Listed Companies:

DMCI Holdings, Inc., *Independent Director*; and
 Philippine Business Bank, *Independent Director*

Other Directorships/Positions:

SEM-Calaca Power Corporation, *Independent Director*
 Southwest Luzon Power Generation Corporation, *Independent Director*
 Space2place, Inc., *Independent Director*.

Former Affiliations:

Gold Venture Lease and Management Services Inc. (2008-2009);
 First Sovereign Asset Management Corporation (2004-2006);
 CBC Forex Corporation (1998-2002);
 CBC Insurance Brokers, Inc. (1998-2004);
 CBC Properties and Computers Center, Inc. (1993-2006);
 Institute of Corporate Directors, *Fellow*;
 Rotary Club of Makati West, *Member/Treasurer*; and
 Makati Chamber of Commerce and Industries, *President*.

Executive Officers

Isidro A. Consunji*	-	Chief Executive Officer
Victor A. Consunji*	-	President & Chief Operating Officer
Maria Cristina C. Gotianun*	-	Executive Vice-President & Chief Information Officer
Junalina S. Tabor	-	Chief Finance Officer
Jaime B. Garcia	-	VP-Procurement & Logistics
Nena D. Arenas	-	VP, Chief Governance Officer & Compliance Officer
John R. Sadullo	-	VP-Legal & Corporate Secretary
Antonio R. Delos Santos	-	VP-Treasury
Jose Anthony T. Villanueva	-	VP-Marketing for Coal
Andreo O. Estrellado	-	VP-Marketing for Power
Ruben P. Lozada	-	VP-Mining Operations & Resident Manager
Carla Cristina T. Levina	-	VP-Chief Audit Executive
Sharade E. Padilla	-	AVP-Investor and Banking Relations
Karmine Andrea B. San Juan	-	AVP-Corporate Planning Power
Jojo L. Tandoc ⁸	-	AVP-Human Resources

**Member of the Board*

⁸ Appointed on February 15, 2018.

1. **Jaime B. Garcia**, 62, Filipino, is the Vice-President for Procurement and Logistics since May 2006. He has over 25 years of experience in senior management level with D.M. Consunji Group of Companies inclusive of overseas experience in strategic sourcing and supply chain management, procurement, materials management and logistics in coal mining industry, energy (coal fired power plant), construction, shipping, agro-forest timber and wood processing, aviation and maritime industry. He graduated with a degree of B.S. Management and Industrial Engineering at Mapua Institute of Technology and obtained his Master's degree in Business Administration at De La Salle University in 1994 and in Business Economics at the University of Asia & the Pacific in 1998. He is currently holding the position of Secretary and Treasurer of Royal Star Aviation, Inc., Director of Semirara Cement Corporation, Executive Vice-President of DMC Construction Equipment Resources, Inc., Director & Vice-President of M&S Company, Inc., Vice-President of Zanorte Palm-Rubber Plantation Inc., and South Davao Development Co., Inc.
2. **Junalina S. Tabor**, 54, Filipino, is the Vice President and Chief Finance Officer since May 2010, and is Member of the Risk Committee. She graduated *Magna Cum Laude* with a degree of Bachelor of Science in Commerce, Major in Accounting in 1984 at Saint Joseph College and is a Certified Public Accountant. She obtained her Master's degree in Public Administration at the University of the Philippines in 1995 under the Local Scholarship Program (LSP) of the Civil Service Commission. She earned her Certificate in Business Economics from the School of Economics, University of Asia and the Pacific in June 2012 under its Strategic Business Economics Program (SBEP) and also completed the modular course in Computer Literacy Program at Systems Technology Institute as half scholar in 1988. Prior to joining the Corporation in 1997, she held various positions with the Commission on Audit from State Auditor Examiner to State Auditor in 1984-1997. She was Team Leader in special audit engagements in certain government owned and controlled corporations from 1994-1996. She is also concurrently the Chief Finance Officer of SEM-Calaca Power Corporation.
3. **John R. Sadullo**, 47, Filipino, is the Vice-President for Legal since November 2013, Corporate Secretary, Counsel and Corporate Information Officer since May 2005; and a Member of the Compliance Committee. He graduated with a degree of A.B. Major in Political Science at the University of Santo Tomas. He obtained his Bachelor of Laws degree at San Beda College of Law in 1996 and was admitted to the BAR in 1997. He currently holds the position of Corporate Secretary of SEM-Calaca Power Corporation, Southwest Luzon Power Generation Corporation, Semirara Energy Utilities Inc., Southeast Luzon Power Generation Corporation, Semirara Claystone Inc., SEM-Cal Industrial Park Developers Inc., and SEM-Calaca Res Corporation. He is also the Asst. Corporate Secretary of St. Raphael Power Generation Corporation, and Semirara Training Center, Inc.; and previously the Corporate Secretary of DMCI Mining Corporation and DMCI Masbate Power Corporation.
4. **Nena D. Arenas**, 57, Filipino, is the Vice President, Chief Governance Officer and Compliance Officer since August 2013; and a Member of the Compliance Committee. Before her appointment, she was Good Governance Officer of SMPC since July 2005. Prior to joining SMPC, she was a Director, Chief Finance Officer and Vice-President of MCA Universal Inc.; Director of MCA Music Inc. and Reach Youth Ministries, a non-stock, non-profit organization. She has more than 15 years extensive experience in finance, accounting, budget & forecasting, information technology, warehousing, legal & business affairs, human resources and administration management. She also has seven years of experience in external audit at SGV & Co. She is currently a Fellow of the Institute of Corporate Directors. She is a Certified Public Accountant and graduated *Cum Laude* with a degree in Bachelor of Science major in Accounting at the University of St. La Salle.
5. **Antonio R. delos Santos**, 65, Filipino, is the Vice-President for Treasury since November 2013. He graduated with a degree of Bachelor of Science in Business Administration at De La Salle University. He was the Treasury Head of SMPC prior his appointment. Before joining SMPC, he was the Finance Officer of DMCI Holdings, Inc.
6. **Jose Anthony T. Villanueva**, 53, Filipino, is the Vice-President for Marketing since November 2013. He received his Bachelor of Science degree in Mechanical Engineering and obtained his Master's degree in Business Administration both at De La Salle University. He also earned his Master's degree

- in Public Management at the University of the Philippines. He has undergone intensive training in financial modeling in Singapore and completed the Petroleum Energy Policy and Management Program in Norway as full scholar of the Norwegian Petroleum Directorate. Prior to his appointment, he was the Marketing Manager of SMPC since 2011. For more than 20 years he has been the forefront of the energy industry and held various positions as Department Manager for Finance and Planning, Business Development and Information Technology, Corporate Planning and as General Manager for Coal Division of state-owned company engaged in the exploration, development and production of geothermal, oil and gas and coal in the Philippines.
7. **Andreo O. Estrellado**, 56, is the Vice-President for Marketing for Power since May 5, 2017. He graduated with a degree of Bachelor of Science in Chemical Engineering at the Mapua Institute of Technology and obtained his Master's degree in Business Administration from Ateneo de Manila University. Prior to his appointment, he served as the Assistant Vice President for Market and Commercial Operations of the company's affiliate, Sem-Calaca Power Corporation. He has been in the electric power industry business for more than 30 years performing different functions in the fields of marketing, business and project development, risk management, environmental impact assessment and nuclear physics for various government and private electric power companies. He was once affiliated with the National Power Corporation, National Transmission Corp, Manila Oslo Renewable Enterprises/SN Aboitiz Power, East Asia Power Corporation, Resource Management International (Navigant Consulting), and Magellan Utilities Development Corp. He also served as consultant of International Resources Group, Philippines; and Alternative Energy Development, Philippines for some of their World Bank and UNDP funded projects.
 8. **Ruben P. Lozada**, 62, Filipino, is the Resident Manager since August 24, 2016, and a Member of the Compliance Committee. He graduated with a degree of Bachelor of Science in Civil Engineering at Mindanao State University in 1978. He was the Assistant Resident Manager of the Corporation for 14 years, more or less, prior to his promotion. He is a Civil Engineer by profession.
 9. **Carla Cristina T. Levina**, 33, Filipino, is the Vice-President, Chief Audit Executive since August 9, 2017. She graduated *Cum Laude* with a degree of Bachelor of Science in Accountancy at the University of Sto. Tomas in 2005 and placed 17th at the CPA Board Exams in October 2005. She was with SMPC for more than 4 years as an Internal Audit Manager before being appointed as Chief Audit Executive. Prior to joining SMPC, she was a Director at SyCip Gorres Velayo & Co. under the IT Risk and Assurance Services. She has more than 12 years of IT audit and internal audit experience specializing in the risk-based audit of business processes, evaluation of risks and internal controls, and in performing independent assessments and third-party reporting audit engagements. She is a Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA) and IRCA Certified QMS 9001:2015 Lead Auditor.
 10. **Sharade E. Padilla**, 39, Filipino, is the Asst. Vice-President for Investor and Banking Relations since November 2013. She graduated *Magna Cum Laude* with a degree of Bachelor in Business Administration, Major in Management and obtained her Master's degree in Business Administration both at Siliman University. Before her appointment, she held the following positions in SMPC: Investment Relations and Business Development Officer (2007-2013), and Senior Financial Analyst (2003-2007). Her previous affiliations include Jr. Financial Analyst, Dacon Corporation; and Information Officer/Executive Assistant of the City Administrator of Tacloban City. She has nine years of experience in investor relations and more than eleven years of experience in financial analysis and in treasury and banking relations, among others.
 11. **Karmine Andrea B. San Juan**, 34, Filipino, is the Asst. Vice-President for Corporate Planning Power since August 9, 2017. She graduated with a degree of Business Administration and Accountancy at the University of the Philippines, Diliman. She was SMPC Group's Internal Audit Manager before transferring to Corporate Planning. She also worked as an IT Audit Manager at SM Investments Corporation and was a Senior Associate at SGV & Co. under the IT Risk and Assurance practice. She is a Certified Public Accountant (CPA), Certified Internal Auditor (CIA), Certified Information Systems Auditor (CISA) and is Certified in Risk and Information Systems Control (CRISC).

12. **Jojo L. Tandoc**, 41, Filipino, is the Asst. Vice-President, Human Resources since February 15, 2018. He graduated with a degree of Bachelor of Science in Psychology at Lyceum Northwestern University, and pursued his Master's degree in Business Administration major in International Business Management at Metro-Dagupan Colleges, and Master of Arts major in Clinical Psychology at the Pamantasan ng Lungsod ng Maynila. He also had post graduate Diploma in Organization Development from Dela-Salle College of Saint Benilde SPaCe Program. At present, he is completing his degree of Doctor of Philosophy major in Organization Development at the Southeast Asia Inter-Disciplinary Development Institute (SAIDI) Graduate School of Organization Development. He is a Registered Psychologist (RPsy), a Registered Psychometrician (RPm) and a Certified Industrial/Organizational Psychologist (CIOP) of the Psychological Association of the Philippines. He is also a Certified Business Administrator (CBA) for his post-graduate study in Management issued by the Chartered Association of Business Administrator of Canada and received a Certificate in Talent Management and Succession Planning from the Pennsylvania State University. Prior to joining SMPC, he was the AVP-Human Resources & Administration of DMCI Power Corporation. His past affiliations include Meralco PowerGen Corporation, SN Aboitiz Power, Indra Sistemas (Soluziona) Philippines, and TEaM Sual Corporation in various capacities in human resource development & organization development practice. He was also an International HR Consultant in Vietnam as a Project Manager/Senior Consultant of Indra Sistemas where he worked with World Bank and the Government of Vietnam in setting up the Human Resources and Organizational Development systems of the Electricity of Vietnam.

SCHEDULE 3 2017 Summary of Board Acts and Resolutions

1. Special Meeting on February 6, 2017 on the approval of the following:
 - a. Minutes of meeting held on November 8, 2016;
 - b. Establishment of depository account and availment of credit facilities with Bank of the Philippine Islands;
 - c. Application for income tax holiday for the year 2016 with the Board of Investments; and
 - d. Execution of License and Services Purchase Agreement with Azeus Systems Limited for paperless boardroom solutions that enables the Board to conduct board meeting via a central platform with mobile access.

2. Regular Meeting on February 23, 2017 on the approval of the following:
 - a. Minutes of meeting held on February 6, 2017;
 - b. Audit Committee's Annual Report to the Board for the year ended December 31, 2016;
 - c. Continuing support of SMPC to the business of its wholly-owned subsidiary, Semirara Claystone Inc.;
 - d. Audited Consolidated Financial Statements for the period ended December 31, 2016;
 - e. Statement of Management's Responsibility for Consolidated Financial Statements for the period ended December 31, 2016;
 - f. Statement of Board of Director's Responsibility for Internal Control & Risk Management Systems;
 - g. Re-Appointment of SGV as the Corporation's independent external auditor for year 2017;
 - h. Appropriation of Php4.5 billion from the unappropriated retained earnings as of December 31, 2016, as additional capital expenditure for other investments of the Corporation;
 - i. Increase in the authorized capital stock of SMPC from Php3 billion to Php10 billion thereby amending for the purpose Art. VII of SMPC's Articles of Incorporation;
 - j. Declaration of 300% stock dividends amounting to Php3,195,859,290.00 or 3 shares for every 1 common share held from the unrestricted retained earnings of SMPC as of December 31, 2016, and to be issued from the increase in the authorized capital stock of SMPC;
 - k. Capital expenditure budget for 2017 of SMPC in the amount of Php7.1 billion, i.e., Php5.3 billion for mining and support equipment, Php1.5 billion for support facilities and infrastructure, and Php200 million for miscellaneous equipment and operating tools. Of the

total Capex budget, Php3.1 billion pertains to expansion and one-time set-up capex for the 2 mines;

- l. Fixing the date, time and venue of the Corporation's Annual Stockholder's Meeting; appointment of Special Committee of Inspector on Proxy Validation; and appointment of SGV as the Board of Canvassers;
 - m. Amendments to the Internal Audit Charter;
 - n. Nomination and Election Committee's Annual Report to the Board for the year ended December 31, 2016;
 - o. Compensation and Remuneration Committee's Annual Report to the Board for the year ended December 31, 2016;
 - p. Short-term bonus pay for executive directors of Php2 million, net based on SMPC's financial performance in 2016; and 10% increase in the base pay of the CEO and COO effective December 2016;
 - q. Risk Committee's Annual Report to the Board for the year ended December 31, 2016;
 - r. Sale of 1 unit helicopter model AW109S serial no. 22081 to Agusta Westland Australia;
 - s. Purchase of one Leonardo Helicopter Division AW169 from Creative Resources Limited;
 - t. Designation of representative to appear and represent SMPC during the mediation conference in the case of Power and Synergy, Inc. vs. Semirara Mining Corp, et. al., G.R. CV No. 106444;
 - u. Designation of SMPC's representatives to represent SMPC and to vote all of its shares registered in the books of its wholly-owned subsidiaries (Southwest Luzon Power Generation Corporation, SEM-Cal Industrial Part Developers, Inc., Semirara Energy Utilities, Inc., SEM-Calaca Power Corporation, SEM-Calaca Res Corporation, Semirara Claystone Inc., SEM-Balayan Power Generation Corporation, and St. Raphael Power Generation Corporation) for the latter's respective annual stockholders' meeting for the year 2017;
 - v. Execution of contract with Ardent Communications, Inc. to render crisis communication public relations services to SMPC; and
 - w. Sale of motor vehicle with plate no. UIX 786.
3. Special Meeting on March 27, 2017 on the approval of the following:
 - a. Minutes of board meeting held on February 23, 2017;
 - b. Declaration of cash dividends of Php5/share with record date on April 11, 2017 and payable on April 25, 2017 taken from the unrestricted retained earnings of SMPC as of December 31, 2016;
 - c. Sale of motor vehicles with plate nos. OT9066, PYQ 689, VCM 912, and ZFP 306; and
 - d. Authority to accept facsimile instruction transmission for SMPC's depository accounts with Banco De Oro Unibank, Inc.
 4. Special Meeting on April 7, 2017 on the approval of the following:
 - a. Minutes of board meeting held on March 27, 2017; and
 - b. Designation of authorized representative to execute an undertaking in connection with SMPC's tax exempt certificate application with DOE.
 5. Organizational Meeting on May 5, 2017 on the approval of the following:
 - a. Minutes of board meeting held on April 7, 2017;
 - b. Election Officers and Composition of Governance Committees as follows:

A. Principal Officer:

1. Isidro A. Consunji - *Chairman & Chief Executive Officer*
2. Victor A. Consunji - *Vice-Chairman, President & Chief Operating Officer*
3. Maria Cristina C. Gotianun - *Executive Vice-President & Chief Information Officer*
4. Junalina S. Tabor - *Chief Finance Officer*
5. Jaime B. Garcia - *VP-Procurement & Logistics*
6. Nena D. Arenas - *VP, Chief Governance Officer & Compliance Officer*
7. John R. Sadullo - *VP-Legal, Corporate Secretary and Counsel, and Corporate Information Officer*

8. Antonio R. Delos Santos - *VP-Treasury*
9. Jose Anthony T. Villanueva - *VP-Marketing for Coal*
10. Andreo O. Estrellado – *VP-Marketing for Power*
11. Sharade E. Padilla - *AVP-Investor & Banking Relations*
12. Ruben P. Lozada – *Resident Manager*

B. Corporate Governance Committees:

1. Audit Committee:
 - a. Honorio O. Reyes-Lao - Chairman
 - b. Rogelio M. Murga - Member
 - c. Herbert M. Consunji - Member
2. Compensation & Remuneration Committee:
 - a. Rogelio M. Murga - Chairman
 - b. Honorio O. Reyes-Lao - Member
 - c. Maria Cristina C. Gotianun - Member
3. Corporate Governance Committee:
 - a. Rogelio M. Murga - Chairman
 - b. Honorio O. Reyes-Lao - Member
 - c. Isidro A. Consunji - Member
4. Risk Committee
 - a. Rogelio M. Murga - Chairman
 - b. Honorio O. Reyes-Lao - Member
 - c. Isidro A. Consunji - Member
 - d. Victor A. Consunji - Member
 - e. Maria Cristina C. Gotianun - Member
5. Compliance Committee:
 - a. Nena D. Arenas - Compliance Officer
 - b. Maria Cristina C. Gotianun - Member
 - c. Junalina S. Tabor - Member
 - d. John R. Sadullo - Member
 - e. Ruben P. Lozada - Member

Mr. Rogelio M. Murga was likewise appointed by the Board as Lead Director in compliance with the Code of Corporate Governance for Public Listed Companies (SEC Memorandum Circular No. 19, Series of 2016).

- c. Amendments to SMPC’s Audit Committee Charter and Corporate Governance Committee Charter.
6. Regular Meeting on May 10, 2017 on the approval of the following:
 - a. Minutes of board meeting held on May 5, 2017;
 - b. Unaudited consolidated financial statements for the period ended March 31, 2017;
 - c. Appointment of Ruben P. Lozada as the Corporation’s Vice-President for Mining Operations and Resident Manager effective immediately;
 - d. Adoption of Manual on Corporate Governance in compliance with SEC Memorandum Circular No. 19, Series of 2016;
 - e. Sale of motor vehicle with plate no. TDQ 403;
 - f. Appointment of BDO Unibank-Trust Investment Group as Trustee of Retirement Plan of SMPC;
 - g. Assignment to SMPC of the Mineral Production Sharing Agreement No. 166-2000-XII from South Davao Development Co., Inc.;
 - h. Assignment of SMPC’s share in Southwest Luzon Power Generation Corporation (SLPGC) in favor of its nominees for directorships in SLPGC; and

- i. Assignment of SMPC's share in SEM-Calaca Power Corporation (SCPC) in favor of its nominees for directorships in SCPC.
7. Special Meeting on May 25, 2017 on the approval of the following:
 - a. Minutes of board meeting held on May 10, 2017;
 - b. Designation of attorney-in-fact to appear and represent in the conciliation and medication conference in the case Grace H. Amascual vs. Semirara Mining and Power Corporation;
 - c. Designation of authorized representative to process and facilitate the transfer of MPSA No. 166-2000-XII of South Davao Development Co., Inc. with the Mines Geosciences Bureau, Region VI;
 - d. Additional share subscription of SMPC covering 7,500,000 common shares at Php1/share from the original unissued capital stock, and additional share subscription of 390,000,000 common shares at Php1/share from the increase in authorized capital stock of Semirara Claystone Inc.;
 - e. Sale of motor vehicle with plate no. PQD 186;
 - f. Application for Forbes Park Association sticker for various vehicles of SMPC;
 - g. Renewal of Import Clearance Certificate with the Bureau of Internal Revenue;
 - h. Execution of Consignment Agreement with Asiotech Trading Corporation Limited and Morse Hydraulics Systems; and
 - i. Application for Dasmariñas Village Association sticker for various vehicles of SMPC.
 8. Regular Meeting on August 9, 2017 on the approval of the following:
 - a. Minutes of board meeting held on May 25, 2017;
 - b. Unaudited consolidated financial statements for the period ended June 30, 2017;
 - c. Declaration of special cash dividends of Php5/share from its unappropriated retained earnings for the interim period as of June 30, 2017, with record date on August 25, 2017 and payable on September 8, 2017;
 - d. Adoption of corporate governance policies: Climate Change Policy and Data Protection Policy;
 - e. Appointment of Carla Cristina T. Levina as VP-Chief Audit Executive and Karmine Andrea B. San Juan as AVP-Corporate Planning effective immediately;
 - f. Application for Dasmariñas Village Association sticker for various vehicles of SMPC;
 - g. Designation of authorized representative to execute the Affidavit of Compliance for 2017 PSE Bell Awards for corporate governance;
 - h. Execution of Memorandum of Understanding with the DOE on the development of coal-fired power plant utilizing indigenous coal;
 - i. Sale of motor vehicles with plate nos. UHO 476 and NIJ 635;
 - j. Designation of Data Privacy Officer that will manage the privacy and security aspect in the different areas of the operations of SMPC; and
 - k. Application for Import Commodity Clearance with the Bureau of Product Standards of DTI.
 10. Special Meeting on September 19, 2017 on the approval of the following:
 - a. Minutes of board meeting held on August 9, 2017;
 - b. Designating authorized representatives to receive copy of the warrant of seizure and detention filed against SMPC's importation of angle bars under bill of lading no. OOLU4041853210 with the Bureau of Customs;
 - c. Application for Importer Accreditation with the Bureau of Customs;
 - d. Establishment of depository account and availment of loan/credit facilities with Philippine National Bank;
 - e. Designation of authorized representative to execute the Notice of Approval relative to the listing of 3,195,859,290 common shares to cover the 300% stock dividends with PSE; and
 - f. Establishment of depository account and availment of loan/credit facilities with The Hongkong and Shanghai Banking Corporation Limited.
 11. Regular Meeting held on November 7, 2017 on the approval of the following:
 - a. Minutes of board meeting held on September 19, 2017;
 - b. Unaudited consolidated financial statements for the period ended September 30, 2017;
 - c. Amendment to SMPC's Mission Vision statements in order to remove reference to coal to manage perception that SMPC is a mining company, and to align with the new thrust and business objectives of the organization in support to the government's socio-economic agenda;

- d. Corporate Governance charters on (i) Risk Committee Charter; and (ii) Enterprise Risk Management (ERM) Policy;
 - e. Application for Dasmariñas Village Association sticker for SMPC motor vehicle;
 - f. Application for SLEX E-Pass for SMPC motor vehicle; and
 - g. Designating authorized representatives to file and submit necessary application for duty and tax exemption indorsement with the Department of Finance.
12. Special Meeting held on December 7, 2017 on the approval of the following:
- a. Minutes of board meeting held on November 7, 2017;
 - b. Buy-back of up to Php2 billion worth of SMPC common shares commencing on December 8, 2017 through the trading facilities of PSE;
 - c. Disposal, retirement and decommissioning of equipment acquired by the Corporation in 2010 with a total acquisition cost of Php3.5 billion;
 - d. Donation of 50 pieces of true giant clams in favor of Crimson Resort and Spa;
 - e. Amendments to the following corporate governance policies: (i) corporate governance committee charter; and (ii) board charter (good governance guidelines for board of directors);
 - f. Application for Forbes Park Association stickers for the SMPC vehicles;
 - g. Application for Import Commodity Clearance with the Bureau of Product Standards of the Department of Trade and Industry; and
 - h. Application for Lifting of Abandonment/Clearance of No Alert with the Bureau of Customs.

----- nothing follows -----

MANAGEMENT REPORT

Pursuant to SRC Rule 20(4)

**SEMIRARA MINING AND POWER CORPORATION
MANAGEMENT REPORT**

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PART I- BUSINESS AND GENERAL INFORMATION

Semirara Mining and Power Corporation¹ (the “Corporation” or “SMPC”) was incorporated on February 26, 1980 to explore, develop and mine the coal resources in Semirara Island, Caluya, Antique.

Competition is insignificant in so far as domestic coal mine is concerned. SMPC remains the largest coal producer in the Philippines, contributing 1.515 million metric tons (MT) or 98.4% of total domestic coal production in 2001 while the nominal balance is shared by small-scale mines in Cebu, Bataan Island, and other areas. Nonetheless, domestic coal demand is still anchored heavily on imported coal. In 2002, importation reached 5.930 million MT, representing 79.4% of aggregate supply, much higher than the 1.539 million MT (or 20.6% of aggregate supply) contributed by domestic coal producers. China brought in the bulk of coal in the country, accounting for 49.84% of the total, followed by Indonesia (36.86%), Australia (9.26%) and Vietnam (4.04%). In 2004, domestic producers supplied 27% of the total demand of 9.5 Million MTs increasing further to 32% of the 9.7 Million MTs market in 2005. However, in 2006 domestic producers supplied only 25% of the total demand of 9.5 Million MT’s because of higher imported volume due to demand of higher quality coal which came from other countries. Semirara supplied 22% of the country’s total coal consumption for 2006. The competitiveness of domestic coal producers is threatened by the more superior quality of imported coal as well as the government’s policy on liberalization. This is however compensated by the Department of Energy’s policy to promote indigenous energy resources and lower freight costs of local coal vis-à-vis imports. SMPC remains to be competitive while it continues to exert efforts to improve the quality of its coal and keep production costs low. The tariff rates of sub-bituminous and other coal now stands at the rate of 3%.

To be competitive, local coal industry must be priced competitively against imported coals, currently from, Indonesia, China & Australia. Pricing of domestic coal is based on import parity inclusive of taxes and duties (at the current rate of taxes and duties). With the inherent quality of Semirara coal, it is estimated that it will be used by approximately 50% of the total Philippine market during this period. The promptness of delivery and quality of coal is required. The power companies are mostly located in Luzon and a few in the Visayas and Mindanao.

In March 2003, NPC tested our coal for its Masinloc plant while deliveries were made to Sual and Pagbilao Power Plants in 2004 and 2005. Both plants (Sual and pagbilao) are being operated by Mirant, Phil., Inc., and are covered by a Coal Supply and Energy Conversion Agreements with NPC. At this time, these plants have potential market of 600,000 to 800,000 Mts of coal per annum for Semirara coal.

On December 2, 2009, SEM-Calaca Power Corporation (SCPC), a wholly-owned subsidiary of SMPC took over the operation of the National Power Corporation’s (NPC) power plants in Calaca and in May 4, 2010 completed its acquisition of said power plants. SMPC continues to supply coal to the Calaca plants at approximately 900,000 MTs in 2010. The Calaca plants have a potential requirement of approximately 1.5 to 2.0 Million MTs.

Historically, approximately 98% of SMPC’s revenue streams are from the then NPC Calaca Plants. Prior to its privatization, NPC’s consumption of Semirara Coal steadily increased since SMPC worked on improving the quality of its coal. Note that SMPC started washing 25% of its production in mid-1999. Resultantly, its market has widened, to include other power plants, the cement industry and other small industrial plants and in 2007, Semirara coal was tested by the export market. In 2007, NPC’s share in volume and value of the SMPC’s sales went down to 38% and 45%, respectively from 63% and 68% in 2006. In 2008, NPC share in volume and value further dropped to 24% and 40% due to steady increase in total volume sold resulting from increase in domestic sales to other power plants and industries and export sales as well. In 2007, sale to domestic customers (outside NPC) accounted for 39% and 37% respectively in terms of volume and value, and rose to 46% in volume and decreased by 27% in value in 2008. Likewise, in 2007, export sales’ share in volume and value registered at 22% and 18%, respectively and went up to 30% and 22%, in 2008.

On August 31, 2011, Southwest Luzon Power Generation Corporation (SLPGC), a wholly-owned subsidiary of SMPC was incorporated with an authorized capital stock of Php10 Billion and paid-up capital of Php3 Billion.

¹ Change in corporate name from Semirara Mining Corporation to Semirara Mining and Power Corporation was approved by SEC on August 18, 2014.

SLPGC was constituted as the project company that will own and operate the 2x150 MW Coal Fired Thermal Power Plant. The project cost of the said power plant is estimated to be approximately Php19.8 Billion and will be constructed adjacent to the SCPC Power Plant in Calaca, Batangas. On February 1, 2012, the Department of Environment and Natural Resources (DENR) issued to SLPGC its Environmental Compliance Certificate (ECC). SMPC’s other wholly-owned subsidiaries are SEM-Cal Industrial Park Developers, Inc. (SIPDI), Semirara Claystone Inc. (SCI), Semirara Energy Utilities Inc. (SEUI), and Southeast Luzon Power Generation Corporation² (SELPGC) while the Corporation has 50% equity ownership in St. Raphael Power Generation Corporation (SRPGC).

SMPC has secured permits and licenses from the government as follows: (a) Extension of Coal Operating Contract with the DOE from 2012 to 2027; (b) DENR Mineral Exploration Permit 99-001-VI renewable every 2 years; (c) DENR Environmental Compliance Certificate No. 9805-009-302; (d) DENR Environmental Compliance Certificate ECC-CO-1601-005 issued by the DENR for its Molave Coal Project; (e) Business Permits issued by Caluya, Antique and Makati City; (f) Aerodrome Rating Certificate No. 218 issued by CAAP-yearly renewable; (g) Certificate of Registration of Port Facilities No. 149 until December 31, 2014³; and (h) DENR Special Land Use Permit No. 6-1-SLUP-OLP002-03152017 until March 15, 2017⁴.

Under its Coal Operating Contract, SMPC is obligated to pay royalties to the Department of Energy (DOE) – at the minimum of 3% based on FOB sales or at 30% of net proceeds (gross revenue less all expenses, excluding royalty and corporate tax) and compensation for entry and use of private lands under the provisions of PD 972, as amended by PD 1174, to land owners – Php0.50/MT for untitled land and Php1.00/MT for titled land. On November 12, 2009, DOE and SMPC executed Second Amendment to Coal Operating Contract No. 5. The second amendment amends the coordinates of the contract area to include a land area of 3,000 and 4,200 hectares, more or less, located in Caluya Island and Sibay Island, Antique.

On September 10, 2012 the Technical Report on Bobog Coal Deposit was released, which showed a resource estimates of 27.5 million metric tons of measured and 9 million metric tons of indicated in situ coal in Bobog mine. The coal resource is contained in 26 seams but only 19 were considered in the estimate as mineable due to thickness, quality and consistency factors. Of the 19 seams, 12 attained thickness greater than 3 meters and occasionally up to 20 meters. The coal resource has a heating value ranging from 6,930 to 10,149 BTU/lb, with a mass-weighted average of 9,500 BTU/lb. Under the ASTM classification of coal by rank, the seams in Bobog range from Sub-bituminous B to Sub-bituminous A. Eleven (11) major and thirty-seven (37) minor coal seams have been interpreted and correlated from the Bobog drillholes. The major coal seams are seams 10, 22, 23, 31, 32, 33, 41, 42, 43, 44, and 45. A coal seam is categorized as major seam if it contains at least one million metric tons of coal resources. Intersected thickness of major seams ranged up to 25 meters. The Bobog database for most of the major seams is highly robust, especially in portions where resource is large. A total of 2,834 rows of data from the Bobog drillholes were reviewed. The major seams have significant data coverage. For minor seams, the database is not as robust because only few drillholes intersected them, and for this reason in-fill drilling is recommended.

The number SMPC’s workforce is 3,349 and 3,589 for the years 2017 and 2016, respectively, inclusive of employees based at its head office in Manila. Out of the 3,348 workforce for 2017, 2,522 are employed by SMPC while the rest are employed by contractors, one of which is DMC Construction Equipment Resources, Inc., an affiliate of Dacon Corporation. SMPC does not anticipate hiring additional employees for the ensuing year except when due to contingencies resulting in separation, resignation, termination of services of existing employees. The breakdown of SMPC’s employees according to type, are as follows:

Executive	14
Managers	29
Supervisors	164
Rank and File	2,315
Total	2,522

² Formerly SEM-Balayan Power Generation Corporation.

³ Renewal of permit is still pending with Philippine Ports Authority.

⁴ Renewal of permit is still pending with DENR.

On the other hand, in 2017 total number of SCPC workforce is 648, of which 573 are indirectly employed inclusive of the O&M contractor employees at SCPC's Calaca Power Plant. In 2016, its workforce was 659. SLPGC's workforce total 210, of which 166 are employees while SMPC's other subsidiaries, namely, SIPDI, SCI, SEUI, and SELPGC are non-operational, hence, no employees were hired.

On December 14, 2006, the CBA between SMPC and Semirara Mining Corporation Labor Union (SMCLU) was signed effective for another five (5) years. There was a notice of strike which, however, did not materialize due to settlement resulting to the signing of the new CBA. After the expiration of the CBA on August 31, 2011, no new CBA was executed by SMCLU and SMPC. Meanwhile, the terms of the CBA remained to be implemented. There are no existing labor unions in SMPC's subsidiaries.

SMPC has obtained all necessary government permits for its operations. SMPC has been implementing the necessary programs to comply with all regulatory requirements, particularly its ECC, which includes Regular Monitoring by the Multi-partite Monitoring Team (MMT) Marine Assessment Studies/Surveys, Social Development Programs, Reforestation Programs, etc. From 2001-2006 the Corporation has spent Php23.6 Million for Social and Environmental Programs such as expanded mangrove areas, initiated and supported livelihood projects, implemented reforestation programs on the island, and cultivated fresh water sanctuary.

SMPC is legally required to fulfill certain obligations as required under its ECC issued by DENR when it abandons depleted mine pits. SMPC recognizes this liability and set up an "Asset Retirement Obligation" account in its Balance Sheet.

SMPC's has established an Environmental Monitoring Fund for MMT, which has an initial amount of Php600,000, determined by the work and financial plan of the Monitoring Team. Also, an Environmental Guarantee Fund was established with a cash component of Php1.5 Million. This enables the continued mining operations of SMPC.

SMPC continue to operate and has not been suspended and neither has it been issued any suspension order nor is there any ongoing mining audit or re-audit, as based on the DENR Environmental Audit on August 25, 2016, SMPC was cleared and compliant with its Environmental Compliance Certificate (ECC). SMPC's operation is under the jurisdiction of the DOE and the latter has issued in August 26, 2016 the results of its own technical audit confirming SMPC's operations does not discharge toxic materials to the mangroves, sulfur content of coal is below 1%, no seaweed farm affected and dumping of overburden materials do not affect nearby communities.

The DENR order on the closure of several mines has no adverse effect whatsoever on the Corporation's business operations and financial condition. In February 2017, the DENR-EMB Region VI issued a special order on the creation of composite team to conduct monitoring, inspection and investigation on SMPC's compliance to its ECC, ambient air and water monitoring of Semirara Island, investigation of alleged reclamation of SMPC and livelihood and community status in the island. It was, however, clarified that the inspection is not an audit but only information gathering and validation of its audit results in 2016.

Based on the results of its data gathering activity in Semirara Island, DENR-EMB Region VI declared SMPC to be very much compliant with the ECC conditionalities as shown by the mining audit conducted in 2016 by the Multi-Partite Monitoring Report. The DENR-EMB noted that:

1. SMPC substantially provided basic services and livelihood assistance to local communities. Reforestation and rehabilitation program are on the top priority of SMPC.
2. Sixty percent (60%) is vegetated or covered with naturally growing and planted trees.
3. On the alleged reclamation, the results showed that there is a considerable increase of land area on the northern tip of the island and extending seaward from the mining pits of Unong, Panian, Molave and Narra, as a result of backfilling and within the coal operating area of SMPC.
4. SMPC has established a Research Center for giant clams and abalone near the Semirara Marine Sanctuary to support the water quality monitoring. Giant clams that thrives in the area is an indicator of good water quality.

SMPC has a pending transfer of the Mineral Production Sharing Agreement (MPSA) from South Davao Development Co., Inc. However, due to regulatory developments on February 14, 2017 relative to the DENR Secretary pronouncement on cancellation of MPSAs, the transfer has been put on hold subject for further evaluation by the Corporation. This, has no material adverse effect whatsoever on the Corporation's business operations and financial condition.

In 2008, SMPC obtained ISO certification on Integrated Management System covering three (3) standards as follows: Quality Management System (ISO 9001:2008), Environmental Management System (ISO 14001:2004), and Occupational Health and Safety Management System (OSHAS 18001:2007). Recently, SMPC has successfully transitioned and passed conformance to the 2015 versions of ISO 9001 and ISO 14001 on quality and environmental management systems, respectively. The new versions require an embedded risk-based approach and take into account the engagement of various key stakeholders.

Meanwhile, SMPC's existing legal cases, are as follows:

1. **The HGL Case.** Sometime in January 2004, the Corporation received a complaint filed by HGL Development Corporation ("HGL"). The facts are as follows:

On August 28, 1984, HGL entered into a Forest Land Grazing Lease Agreement (FLGLA No. 184) with the DENR covering a 367-hectare land located at the Barrios of Bobog and Pontod, Semirara, Antique. In its Order dated December 6, 2000, DENR cancelled FLGLA No. 184 explaining that the subject area is within the coverage of Proclamation No. 649, which set apart the island of Semirara in the Province of Antique as coal mining reservations.

HGL filed a letter requesting a reconsideration of the Order but the request was denied in the DENR's letter-Order dated December 9, 2002.

The Caloocan Case

On November 17, 2003, HGL filed a complaint (Civil Case No. C-20675) against the DENR for specific performance and damages in Branch 121, Regional Trial Court of Caloocan City (RTC-Caloocan). HGL prayed that DENR should perform its obligations under FLGLA No. 184 and pay HGL for moral and exemplary damages and attorneys' fees.

On March 2, 2004, SMPC filed a Motion for Intervention because the Order canceling FLGLA No. 184 sought to be reconsidered by HGL covers property located in the island of Semirara, Antique, which motion was granted by RTC-Caloocan. Subsequently, SMPC filed a Motion to Dismiss for lack of cause of action/jurisdiction and forum shopping. SMPC's prayer for dismissal and its subsequent Motion for Reconsideration having been both denied, SMPC filed its Petition for Review (G.R. No. 92238) with the Court of Appeals (CA) on November 28, 2005 on the premise that RTC-Caloocan has no jurisdiction over the case.

On January 16, 2007, the CA reversed RTC-Caloocan's decision and finding grave abuse of discretion on the part of the presiding judge for failing to dismiss the case for lack of jurisdiction. The CA ruled that the DENR Order canceling HGL's FLGLA No. 184 had long been final and executory on account of its failure to appeal said Order to the Office of the President. Eventually, HGL's Motion for Reconsideration was denied and the CA accordingly dismissed the case.

Due to CA's denial of HGL's Motion for Reconsideration, a Petition for Certiorari (SC G.R. No. 177844, 2nd Division) was filed by HGL before the Supreme Court (SC) on November 14, 2007, which was denied for HGL's failure to sufficiently show any reversible error on the assailed CA decision and further denies HGL's motion for leave and first and second motions of time to file a reply to SMPC's comments on the petition. HGL's Motion for Reconsideration was denied with finality on July 2, 2008.

Meanwhile, in a case docketed as SC G.R. No. 180401, 1st Division (*DENR vs. HGL*), DENR's Petition for Certiorari was denied by the SC on February 4, 2008. DENR then filed a Motion for Reconsideration on March 25, 2009, but again denied by the SC with finality.

Citing as basis the dismissal of the Culasi Case (SMPC vs. HGL) on the ground of forum shopping, SMPC filed a Motion to Dismiss with RTC-Caloocan (Civil Case No. C-20675). However, RTC-Caloocan denied the motion on December 24, 2008 and cited SC decision on G.R. No. 180401 (DENR vs. HGL) to sustain its decision to retain jurisdiction over the case. With the denial of its Motion for Reconsideration on June 24, 2009, the SMPC filed a Petition for Certiorari with the CA on September 14, 2009 (CA-G.R. SP No. 110460). On October 31, 2013 the CA dismissed SMPC's petition to which a Motion for Reconsideration was filed on November 22, 2013, which was likewise denied by the CA.

On May 29, 2014, SMPC filed its Petition for Review on Certiorari under Rule 45 with the Supreme Court (SC G.R. No. 212018). After directives given by the SC in June 2017, SMPC filed its Reply to HGL's Comment to the Petition. The case remains pending to date.

The Culasi Case

HGL also filed a separate case (Civil Case No. C-146) against SMPC on November 17, 2003 in Branch 13 of the Regional Trial Court of Culasi, Antique (RTC-Culasi) for the recovery of their alleged possession of a 367-hectare land located at the Barrios of Bobog and Pontod, Semirara, Antique. HGL prayed for (i) the issuance of a preliminary mandatory injunction in order to secure immediate possession of the property pending litigation, and (ii) actual, moral and exemplary damages and attorney's fees in the total amount of P10 million. SMPC received the summons on January 15, 2004.

On February 6, 2004, SMPC filed its Answer and prayed for the outright dismissal of the case for being baseless and unfounded as the Order canceling FLGLA No. 184 had long been final and executory and can no longer be disturbed. SMPC claims exemplary and moral damages and attorneys' fees.

On September 16, 2004, the RTC-Culasi granted HGL's prayer for preliminary mandatory injunction, which order was affirmed by the CA-Cebu (CA-G.R. CEB-SP No. 00035). SMPC elevated the case to the SC (SC G.R. No. 166854) by way of Certiorari with prayer for Temporary Restraining Order (TRO) and/or Injunction to be issued against HGL, the CA-Cebu and RTC-Culasi. The SC initially granted the TRO on March 2, 2005, but on December 06, 2006, the SC promulgated its decision, which denied SMPC's Petition for Certiorari and lifted the TRO. On January 18, 2007, SMPC filed its Motion for Reconsideration and later on January 25, 2007 due to the ruling by the CA in the Caloocan case filed a Supplemental Motion for Reconsideration. On February 14, 2007, the SC denied with finality SMPC's Motion for Reconsideration and its supplement to the aforesaid motion for lack of merit.

Meanwhile, on July 16, 2007, the RTC-Culasi dismissed the main case, as the two (2) cases filed by HGL was a deliberate violation of the rule on forum shopping. RTC-Culasi further stated in its decision that in both cases, HGL's cause of action rests on the validity of its FLGLA No. 184. HGL filed a Motion for Reconsideration, but on November 20, 2007, RTC-Culasi ruled against HGL. No appeal was taken by HGL.

Thereafter, on February 6, 2008, HGL filed before the SC a Petition for Indirect Contempt (SC G.R. No. 181353). HGL alleged, among others, that the dismissal of the Culasi case constitutes indirect contempt as HGL was not able to implement the SC's decision dated December 6, 2006 (affirming the earlier order of RTC-Culasi granting HGL's prayer for preliminary mandatory injunction) and resolution dated February 14, 2007, as RTC-Culasi dismissed the main case or the Culasi case on the ground of forum shopping. SMPC filed its Comments/Opposition to the Petition. Subsequently, the SC required the parties to submit their respective Memoranda.

In its Decision dated June 6, 2016, the SC stated that "[t]he Petition for Indirect Contempt is completely baseless" since SMPC was repetitively raising the issue of forum shopping through various motions and petitions and at different stages of Civil Case No. C-146, was tenacious, at worst, but not contumacious (pg.29), as Judge Penuela merely made an error of judgment when he dismissed the case based on forum shopping. Further, HGL further breached the principle of judicial hierarchy in directly filing its Petition for Certiorari before the SC (pg.31).

The Decision of RTC-Culasi in dismissing the case (Civil Case No. C-146) on the ground of forum shopping was a valid decision albeit erroneous. HGL instead of filing an appeal under Rule 41 to the Court

of Appeals sought the remedy of a Petition for Indirect Contempt and in the alternative Certiorari under Rule 65. HGL likewise filed this petition two days beyond the allowed reglementary period under the Rules of Court.

Despite the defects of the Petition filed by HGL, the Court partly grants the same in the interest of substantive justice and equity. Thus, in consideration of the extraordinary circumstances and the interest of substantive justice and equity, the SC partially grants the Petition, which reinstates the case (Civil Case No. C-146) and remands it to RTC-Antique for the specific purpose of hearing and determining the damages to be awarded to HGL for the non-enforcement of the Writ of Preliminary Mandatory Injunction dated October 6, 2004. The hearing for the specific purpose of determining the damages to be awarded is set on April 16, 2018. The case is pending to date.

2. **Tax Refund/Credit Case.** SMPC filed 0several cases against the Commissioner of Internal Revenue before the Court of Tax Appeals (CTA) for tax credit/refund due to erroneously withheld and remitted VAT on coal sales by National Power Corporation (NPC) in the total amount of Php190,500,981.23.
 - 2.1 *CTA Case No. 7717 (For Php11,847,055.07).* – On October 15, 2009, the CTA granted SMPC’s petition in the amount of Php11,847,055.07 for VAT withheld for the month of December 2005. The CIR moved for reconsideration. After SMPC filed its comment on November 21, 2009, the CTA on August 10, 2010 issued a Writ of Execution on its decision dated October 15, 2009. The Writ of Execution was served to BIR on August 13, 2010. On September 9, 2015, BIR released the Tax Credit Certificate (TCC) to SMPC. SMPC is now in process of converting the TCC to cash with the BIR.
 - 2.2. *Commissioner of Internal Revenue vs. Semirara Mining Corporation, G.R. No. 202534 (CTA EB No. 752 [For Php15,292,054.93]).* – On January 4, 2011, the CTA granted SMPC’s petition in the amount of Php15,292,054.91 for VAT withheld for the month of January 2007. CIR’s Motion for Reconsideration was denied on March 18, 2011. CIR appealed the case to CTA *En Banc* (CTA EB No. 752) but the CTA *En Banc* dismissed the CIR’s petition for lack of merit. The CIR again moved to reconsider the *En Banc* decision, but was denied on June 28, 2012. Thereafter, the CIR filed a petition for review on certiorari with the Supreme Court (G.R. No. 202534), to which SMPC filed a comment on January 28, 2013 while the CIR filed its reply on June 25, 2013. The petition remains pending to date.
 - 2.3. *Commissioner of Internal Revenue vs. Semirara Mining Corporation, G.R. No. 203621 (CTA EB No. 772 [For Php86,108,626.19]).* – On February 10, 2011, the CTA granted SMPC’s petitions in the amount of Php86,108,626.10 for VAT withheld for the period covering January 1, 2006 to June 30, 2006. On February 22, 2011, as CIR’s Motion for Reconsideration was denied, it elevated the case to CTA *En Banc* (CTA EB No. 772), but was denied by the CTA *En Banc* on June 22, 2012. The CIR filed its Motion for Reconsideration but was again denied by CTA on September 17, 2012. The CIR filed with the Supreme Court (SC) a Petition for Review on November 5, 2012, but was denied in a minute resolution dated January 30, 2013. On October 10, 2013 an Entry of Judgment was issued. The Corporation filed its Motion for Issuance of a Writ of Execution with the CTA which was granted on January 21, 2014 and served to the BIR on April 27, 2015. BIR is now processing the TCC.
 - 2.4. *Commissioner of Internal Revenue vs. Semirara Mining [and Power] Corporation, G.R. No. 202922 (CTA EB No. 793 [For Php77,253,245.39]).* - On March 28, 2011, the CTA granted SMPC’s petition in the amount of Php77,253,245.39 for the period covering July 1, 2006 to December 31, 2006. On April 12, 2011, as CIR’s Motion for Reconsideration was denied on June 3, 2011 it elevated the case to the CTA *En Banc* (CTA EB No. 793), but the latter, on April 23, 2012 dismiss the petition for lack of merit. As the CIR’s Motion for Reconsideration was likewise denied on May 29, 2012, it filed a Petition for Review with the Supreme Court (G.R. No. 202922). SMPC filed a Comment on December 28, 2012 to the CIR’s Petition. On October 25, 2013, the SC issued a notice granting the CIR’s Motion to Admit Reply and a copy of the Reply. On June 19, 2017, the SC denied CIR’s petition for review and affirmed the CTA *En Bank*’s Decision dated April 23, 2012 and its Resolution dated July 26, 2012. The case remains pending to date.

4. **Specific Performance Case.** – The complaint docketed as *Power & Synergy, Inc. vs. SMPC, et. al., Civil Case No. Q-10-66936, RTC-QC, Branch 97* alleges fraudulent acts against SMPC and its directors/officers and prayed that defendants jointly and severally perform and comply with the terms and conditions under the Consultancy Agreement. PSI is in effect claiming a success fee of Php1.3 billion (due to increase in coal volume sold to NPC) by the end of 2010. On June 2, 2010, SMPC moved for the dismissal of the complaint for lack of jurisdiction and improper venue in so far as other individual defendants are concerned, and the complaint states no cause of action. The RTC required PSI to pay the correct docket fees, but PSI moved for reconsideration, which was later denied by the Court. On August 22, 2014, SMPC moved for the dismissal of the case for failure of PSI to comply with the order of the Court to pay the correct docket fees. On October 1, 2015, the Court issued an Order finding the motion of SMPC to be meritorious and dismiss PSI’s complaint with prejudice. However, PSI has successfully appealed the case to the CA (G.R. No. 106444) and has requested the CA on November 14, 2016 to refer the case for mediation. On June 30, 2017, the CA denied PSI’s appeal and affirmed the RTC Order dated October 1, 2015. Considering that no motion for reconsideration or Supreme Court petition has been filed by PSI, the RTC Decision dated June 30, 2017 became final and executory on July 29, 2017.
5. **Forcible Entry Case.** – The complaint docketed as *Gabinete, et. al. vs. SMPC, et. al., Civil Case No. 210-C, MCTC-Pandan, Antique* hinges from the alleged entry of SMPC to a portion of Gabinete’s properties located in Barangay Alegria, Caluya, Antique. The occupation of SMPC was based on the authority of the new owner of the property. Gabinete prayed that the Court order SMPC to vacate the properties and pay damages and attorney fees. On March 11, 2014 SMPC submitted its affidavits and position paper as required by the Court. The case is submitted for resolution/decision of the Court.
6. **Annulment of Deeds of Sale Case.** – The complaint docketed as *Gabinete, et. al., vs. SMPC, et. al., Civil Case No. C-260, RTC-Culasi, Antique, Branch 13* seeks the annulment of the deeds of sale which Gabinete executed with the defendant, George G. San Pedro covering parcels of land located in Brgy. Alegria, Caluya, Antique due to alleged unsound mind of the plaintiff at the time of execution. Pre-trial conference was scheduled on March 19, 2018. The case remains pending to date.
7. **Damages.** – The case docketed as *Bauer Foundations Philippines, Inc., Plaintiff, vs. Semirara Mining Corporation and/or Victor A. Consunji and/or Jaime B. Garcia, Defendants, Civil Case No. R-QZN-14-04802CV, Regional Trial Court-Quezon City, Branch 100.* Plaintiff Bauer Foundations Philippines, Inc. (Bauer) alleged that SMPC, in bad faith, prevented it from drilling and grouting the remaining 35 holes of the agreed 122 holes in violation of the parties’ agreement. The agreement generally covered the construction of numerous drilled shafts of 1.2-meter-diameter with a depth of 150 meters to be filled with grout and/or concrete for the fault line areas at coal mining area of the SMPC in Semirara Island, Caluya, Antique. In view of such alleged breached, Bauer is asking the court that the SMPC be adjudged to pay the amount of Php7 million for actual damages representing unpaid value of the 35 undrilled holes, Php500,000.00 exemplary damages, Php100,000.00 litigation expenses, and costs of suit. Contrary, however, to the allegations of Bauer, it is Bauer which failed to perform and deliver based on the timeline as agreed. Answer was filed on July 14, 2014. On February 27, 2017, the Court rendered its Decision dismissing the complaint, as Bauer was not able to prove its case by preponderance of evidence. Its motion for reconsideration was likewise denied per Order dated July 10, 2017. Bauer’s Notice of Appeal was given due course by the RTC per Order dated September 22, 2017. On November 9, 2017 the CA (CA-G.R. CV No. 109769) required the parties to submit their Briefs. The case remains pending to date.
8. **Illegal Dismissal Case.** – This is an illegal dismissal case filed by Engr. Bornea docketed as *Bornea, Jr., vs. SMPC, et. al., NLRC Case No. RAB-IX-11-00663-11* with the Arbitration Branch of Davao seeking for his reinstatement as the Foreman Supervisor of SMPC’s mining facility in Caluya, Antique. Bornea alleged that there was no justifiable ground for dismissal and that due process was not observed. On April 24, 2012, the Labor Arbiter resolved to dismiss the complaint for lack of merit. Bornea appealed the case (MAC-06-012592-2012), but the NLRC-Cagayan de Oro City, which dismissed the appeal in its Decision dated December 28, 2012. On February 19, 2013, Bornea moved to reconsider the NLRC decision, but the same was denied on March 27, 2013. NLRC issued an Entry of Judgement on September 2, 2013. Despite this, Bornea filed with the CA a Petition for Certiorari under Rule 65 (CA G.R. SP No. 05581-MIN), and the CA took cognizance of the case. On November 20, 2015, the CA denied Bornea’s petition. Bornea elevated the case to the SC (G.R. No. 222142) assailing the denial of its petition for certiorari by the CA.

On February 24, 2016, the SC issued a Resolution denying Bornea's petition for review on certiorari for failure to sufficiently show any reversible error on the challenged CA decision dated November 20, 2015. As of November 8, 2017, said award for reimbursement has already been settled by SMPC. Thus, upon payment, Bornea's case is closed and terminated as he has executed a Release Waiver and Quitclaim before Labor Arbiter Pasion of NLRC-Davao.

9. **Illegal Dismissal with Money Claims Case.** – The complaint was docketed as *Jimmy S. Juntilla vs. SMPC and Victor A. Consunji, President, NLRC Case No. RAB-XI-04-00269-16, Regional Arbitration Branch No. XI, Davao City*. Juntilla is a Dump Truck Driver of the Corporation's mine site in Semirara Island, Caluya, Antique. He alleged to have been illegally dismissed and now seeking separation pay from the Corporation. SMPC, however, argued that the dismissal was for a valid cause. On October 28, 2016, the Labor Arbiter dismissed the complaint for lack of merit. On June 9, 2017, Juntilla moved for reconsideration, but was denied on July 31, 2017. On October 20, 2017 SMPC received a copy of Juntilla's petition for certiorari with the CA-Mindanao Station (CA G.R. SP No. 08353) praying for the reversal of the NLRC Decision dated May 25, 2017 and Resolution dated July 31, 2017. The CA referred the case to Court-Annex Mediation, which mediation was scheduled on February 27, 2018. At the mediation, the parties executed a compromise agreement and SMPC was given until March 28, 2018 to ensure that the financial assistance is received by Juntilla.
10. **Declaratory Relief with Injunction Case.** – This is a case filed by SMPC against the *BIR, Bureau of Customs & Department of Finance under Civil Case No. 13-1171, RTC Makati Br. 146*. On May 21, 2013 SMPC was granted a Certificate of Qualification for Tax Exemption under PD972 by the DOE for its 36,000,000 liters of diesoline. SMPC made 1st partial shipment of 6,16,367 liters. BIR assessed VAT and excise tax on said shipment in the amount of Php27 million which was paid under protest. As a result, SMPC filed a petition for Declaratory Relief with the RTC on October 3, 2013 seeking to enjoin BIR, BOC from implementing BIR RR No. 2-2012 by imposing advance payment of VAT on SMPC importation of diesel fuel for its own use and consumption. BIR rationalizes its issuance of RR No. 2-2012 for the purpose of curtailing smuggling. While under said regulations payment of VAT is subject to right of refund by SMPC (effectively 0% rated) being exempted from VAT under its COC and PD 972, SMPC contested the application of said regulation as it effectively diminishes its exemption granted by law and impairs the rights under its COC pursuant to the non-impairment clause of the Constitution.

On October 30, 2013, SMPC secured a 20-day TRO and on November 21, 2013 the RTC issued a preliminary injunction against the BIR, BOC and DOF in so far as the implementation of said regulation specifically against SMPC. Defendants moved for reconsideration but were denied by the RTC on February 4, 2014. On February 10, 2014, the RTC resolved to grant the SMPC's petition for declaratory relief and declared that in view of the tax exemption provided under PD 972 and the COC, Revenue Regulation No. 2-2012 issued by the respondents was held inapplicable to the SMPC's direct importation of petroleum products.

As a result, the DOF and BOC filed a petition for review on certiorari under Rule 45 of the Rules of Court (ROC) with the SC (G.R. No. 211188) on April 8, 2014 while the BIR on May 13, 2014 filed with the CA (CA-G.R. No. 135364) a petition for review under Rule 65 of ROC with prayer for TRO and/or writ of preliminary injunction. Meanwhile, SMPC filed a petition on September 2, 2015 with the CTA (CTA Case No. 9133) in view of the denial by the BIR of its claim for tax refund in the amount of Php27,341,714.00 as VAT paid under protest.

SC G.R. No. 211188

This case is an offshoot of the RTC-Makati City (Br. 146) Order dated February 4, 2014 and its Resolution dated February 13, 2014, which granted SMPC's petition for declaratory relief. Thus, the DOF and BOC filed a Petition for Review on Certiorari under Rule 45 of the Rules of Court with the Supreme Court on April 08, 2014 assailing the RTC's Resolution dated February 13, 2014. On October 28, 2016, SMPC filed its Memorandum. The petition is pending resolution by the SC.

CA G.R. SP No. 135364

This case is likewise an offshoot of the RTC-Makati City (Br. 146) Order dated February 4, 2014 and its Resolution dated February 13, 2014, which granted SMPC's petition for declaratory relief. Thus,

the BIR filed a Petition for Certiorari under Rule 65 with prayer for TRO and/or Writ of Preliminary Injunction with the Court of Appeals on May 13, 2014. In a Resolution dated July 23, 2014, the CA ruled that the petition as “deemed abandoned” for having been filed out of time. The BIR filed an MR, which was denied in a Resolution dated January 26, 2015.

CTA Case No. 9133

This is case is a petition for review filed on September 2, 2015 by SMPC on the denial of its claim by the BIR for tax refund involving the amount of Php27,341,714.00 as VAT paid under protest for the first shipment of its diesoline importation. With the filing of BIR’s comments on October 19, 2016 to SMPC’s formal offer of evidence filed on October 11, 2016, the case is now submitted for resolution with the CTA.

Except for the foregoing cases, SMPC or its subsidiaries is not a party to any pending material legal proceedings. It is not involved in any pending legal proceedings with respect to any of its properties. Apart from the foregoing, therefore, it is not involved in any claims or lawsuits involving damages, which may materially affect it or its subsidiaries.

PART II – SECURITIES OF THE REGISTRANT

A. MARKET PRICE OF AND DIVIDENDS ON REGISTRANT’S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

(1) Market Information. -

(a) Principal market where the registrant’s common equity is traded. SMPC is listed in the Philippine Stock Exchange (PSE). There has been no substantial trading since 1983 or 17 years. DMCI Holdings, Inc. (DHI) however in 2004 increased its shareholdings from 74.36% to 94.51%. The National Development Company (NDC) shares were decreased from 21.27% to 4.55% shares and the others from 4.3% to 0.94% shares. None of them sold their shares hence, no substantial trading occurred. These changes in the percentage of holdings resulted from the Equity Restructuring of SMPC’s authorized capital stock and the subscription of DHI to 19,120,581 additional shares in 2004.

In February 2005, new additional shares of 46,875,000 were sold to the public by SMPC in its international offering. Also, in the same public offering, DHI as selling shareholder sold 58,171,000 shares thereby reducing its shareholdings from 94.51% to 60%.

On April 8, 2010 SMPC sold through PSE its treasury shares equivalent to 19,302,200 at Php67.00 per share. In June 2010, by way of Stock Rights Offering, SMPC offered for subscription 59,375,000 common shares to eligible existing stockholders at the ratio of 1:5 shares as of record date, July 1, 2010.

SMPC embarked on buying back its shares approved by the Board on August 15, 2016. The buy-back program was undertaken to enhance shareholder’s value and to provide stockholders an opportunity to liquidate their investments. On December 7, 2017, the Board further approved the buy-back program of its shares worth Php2 billion based on trading price at the open market through the trading facilities of the PSE beginning December 8, 2017. To date, its treasury shares stands at 8,479,870.

(b) SMPC’s security was traded at PSE at a price of Php0.40/share on December 23, 2002. There was no trading of SMPC’s securities in 2003 and 2004. The highs and lows (in Pesos) of trading during the past three (3) years are as follows:

	High	Low	Close
2015			
Jan-Mar	168.70	140.00	167.00

Apr-Jun	169.60	136.20	142.50
July-Sep	147.00	110.80	136.10
Oct-Dec	143.00	128.80	136.50
2016			
Jan-Mar	138.80	117.30	131.30
Apr-Jun	132.50	112.00	125.10
July-Sep	126.10	95.50	113.90
Oct-Dec	135.00	113.90	130.00
2017			
Jan-Mar	154.40	129.30	147.60
Apr-Jun	165.00	147.60	160.50
Jul-Sep*	50.00	39.95	46.70
Oct-Dec*	46.70	34.70	36.80
2018			
Jan-Mar ⁵	39.10	33.45	33.80

*adjusted due to stock dividend declaration effective September 12, 2017.

- (2) **Holders.** – The number of shareholders of record as of March 8, 2018 is 701. Its outstanding shares have been reduced to 4,256,129,420 common shares, as a result of the buy-back program approved by the Board in 2016 and 2017, respectively. To date, the Corporation’s treasury shares is at 8,479,870.

Title of Class	Name	Number of Shares Held	% of Total
Common	DMCI Holdings, Inc.	2,407,770,396	56.57
Common	PCD Nominee Corp. (Filipino)	690,365,980	16.22
Common	Dacon Corporation	532,993,408	12.52
Common	PCD Nominee Corp. (Foreign)	322,830,800	07.59
Common	Others	302,168,836	07.10

Names of Top Twenty (20) Stockholders as of March 8, 2018 (Common Stockholders):

No.	Name of Stockholders	No. of Shares	Percentage ⁶
1.	DMCI Holdings, Inc.	2,407,770,396	56.57
2.	PCD Nominee Corp. (Filipino)	690,365,980	16.22
3.	Dacon Corporation	532,993,408	12.52
4.	PCD Nominee Corp. (Foreign)	322,830,800	7.59
5.	Privatization Management Office	145,609,296	3.42
6.	DFC Holdings, Inc.	82,364,916	1.94
7.	Freda Holdings, Inc.	18,451,532	0.43
8.	Regina Capital Development Corp.	10,179,400	0.24
9.	Fernwood Investments, Inc.	9,667,764	0.23
10.	Double Spring Investments Corporation	6,641,220	0.16
11.	Guadalupe Holdings Corporation	6,325,656	0.15
12.	Berit Holdings Corporation	4,165,636	0.10
13.	Dacon Corporation	3,293,520	0.08
14.	Augusta Holdings, Inc.	3,041,700	0.07
15.	Fernwood Investments Inc.	3,012,260	0.07
16.	Meru Holdings, Inc.	1,387,200	0.03
17.	Great Times Holdings Corporation	1,210,236	0.03
18.	Cobankiat, Johnny O.	1,115,040	0.03
19.	Vendivel, Olga P.	960,000	0.02
20.	Windermere Holdings Inc.	762,168	0.02

⁵ As of March 8, 2018.

⁶ Based on SMPC’s issued and outstanding shares recorded with its Stock and Transfer Agent.

- (i) The table sets forth the record or beneficial owners of more than 5% of the outstanding Common Shares of SMPC, which are entitled to vote and the amount of such record or beneficial ownership as of March 8, 2018:

Title of Class	Name	Number of Shares Held	% of Total
Common	DMCI Holdings, Inc.	2,407,770,396	56.57
Common	PCD Nominee Corp. (Filipino)	690,365,980	16.22
Common	Dacon Corporation	532,993,408	12.52
Common	PCD Nominee Corp. (Foreign)	322,830,800	7.59

- (ii) each director and nominee

Office	Names
Chairman & CEO	Isidro A. Consunji
President & COO	Victor A. Consunji
Independent Director	Rogelio M. Murga
Independent Director	Honorio O. Reyes-Lao
Director	Jorge A. Consunji
Director	Cesar A. Buenaventura
Director	Herbert M. Consunji
Director, EVP & Chief Information Officer	Maria Cristina C. Gotianun
Director	Ma. Edwina C. Laperal
Director	Josefa Consuelo C. Reyes
Director	Luz Consuelo A. Consunji

- (iii) all directors and officers as a group, and the registrant's present commitments to such persons with respect to the issuance of any class of its common equity.

Title of class	Name of beneficial owner	Amount and nature of beneficial ownership			Citizenship	%
		Direct	Indirect ⁷	Total		
Common	Isidro A. Consunji	24,144	4,679,672	4,703,816	Filipino	0.11
Common	Cesar A. Buenaventura	72,120	-	72,120	Filipino	0.00
Common	Victor A. Consunji	144	15,869,736	15,869,880	Filipino	0.37
Common	Jorge A. Consunji	500,144	1,914,956	2,415,100	Filipino	0.06
Common	Herbert M. Consunji	141,120	-	141,120	Filipino	0.00
Common	Honorio O. Reyes-Lao	1,236,040	562,480	1,798,520	Filipino	0.04
Common	Rogelio M. Murga	40,040	-	40,040	Filipino	0.00
Common	Maria Cristina C. Gotianun	1,428	10,390,389	10,391,817	Filipino	0.24
Common	Ma. Edwina C. Laperal	4,188	6,553,084	6,557,272	Filipino	0.15
Common	Josefa Consuelo C. Reyes	412,400	1,913,600	2,326,000	Filipino	0.05
Common	Luz Consuelo A. Consunji	45,040	-	45,040	Filipino	0.00
Common	Junalina S. Tabor	-	-	-	Filipino	0.00
Common	Jaime B. Garcia	576,432	-	576,432	Filipino	0.01
Common	Nena D. Arenas	16,000	-	16,000	Filipino	0.00
Common	John R. Sadullo	-	-	-	Filipino	0.00
Common	Antonio R. Delos Santos	60,000	-	60,000	Filipino	0.00
Common	Jose Anthony T. Villanueva	3,000	55,560	58,560	Filipino	0.00
Common	Andreo O. Estrellado	-	-	-	Filipino	0.00
Common	Sharade E. Padilla	22,500	1,080	23,580	Filipino	0.00
Common	Ruben P. Lozada	475,200	-	475,200	Filipino	0.01
Common	Carla Cristina T. Levina	-	-	-	Filipino	0.00
Common	Karmine Andrea B. San Juan	120	-	120	Filipino	0.00

⁷ Shares are either held by family members sharing the same household or by a corporation of which the reporting person is a controlling shareholder.

Common	Jojo L. Tandoc	400	-	400	Filipino	0.00
Aggregate Ownership of all directors and officers as a group		3,630,460	41,940,557	45,571,017	Filipino	1.07

- (3) **Dividends.** – On April 4, 2005 the Board approved SMPC’s Dividend Policy, which adopted a minimum of 20% of Net Profit After Tax starting from the period ending December 31, 2005; provided, however, that the Board of Directors shall have the option to declare more than 20% if there is excess cash and less than 20% if no sufficient cash is available. Below are dividends declared for the past two (2) years:

Year	Board Approval	Nature	Dividend/Share (PHP)	Total Amount of Dividend (PHP)	Record Date	Payment Date
2016	4-29-2016	Cash	4.00	4,275,000,000.00	5-17-2016	5-27-2016
2017	2-23-2017	Stock	300%	*	9-15-2017	10-11-2017
2017	3-27-2017	Cash	5.00	5,326,432,150.00	4-11-2017	4-25-2017
2017	8-9-2017	Cash	5.00	5,326,432,150.00	8-25-2017	9-8-2017

**3,195,859,290 shares or three (3) shares for every one common share held.*

- (4) **Recent Sales of Unregistered or Exempt Securities.** - No unregistered or exempt securities were sold in 2017, 2016 and 2015.

PART III – FINANCIAL INFORMATION

A. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (YEARS 2014-2017)

Full Years 2016-2017

PRODUCTION – COMPARATIVE REPORT FY 2016 vs FY 2017

Coal

The Company continued to invest in additional CAPEX in 2017 to hit its annual target of 13-14 million metric tons (tons), increasing from 2016’s 12 million annual capacity. With increased excavating capacity, total materials moved grew by 7% YoY to 135 million bank cubic meters (bcm) from 125 million bcm in 2016.

Strip ratio for 2017 was 9.51:1, while effective production strip ratio in 2016 was only 5.27 since operations in the first three quarters were in Panian, which was already closed at the end of September. If pre-stripping of Molave and Narra pits are included, total strip ratio in 2016 was 9.08. However, the pre-stripping costs of Molave and Narra are capitalized, in accordance with accounting standards.

Coal production also increased by 3% to 13.2 million tons from 12.8 million tons in 2016. This is inclusive of lower grade coal of 900 thousand tons in 2016 and 1.4 million tons in 2017.

The table below shows the coal segment’s comparative production data for 2016 and 2017.

	Q1 '16	Q2 '16	Q3 '16	Q4 '16	2016	Q1 '17	Q2 '17	Q3 '17	Q4 '17	2017	Variance
PRODUCTION											
Total Materials (M bcm)	30.79	36.53	23.77	34.34	125.43	35.18	36.31	30.40	33.48	135.38	8%
Pre-Stripping (M bcm)		28.06	12.21	8.50	48.77					-	-100%
Prod'n Stripping (M bcm)	30.79	8.47	11.56	25.84	76.66	35.18	36.31	30.40	33.38	135.28	76%
Total Coal Prod'n ('000 tons)	3.70	2.18	2.96	3.98	12.82	4.05	3.45	2.60	3.14	13.24	3%
Strip Ratio	6.93	15.38	6.63	7.22	9.08	7.29	9.12	10.29	9.24	9.51	-0.8%
End Inventory (M tons)	1.80	0.41	0.41	1.90	1.90	1.80	1.74	0.41	1.70	1.70	11%

POWER

SEM-CALACA POWER GENERATION CORPORATION (SCPC)

The table below shows SCPC's comparative production data for 2016 and 2017.

	Q1 '16	Q2 '16	Q3 '16	Q4 '16	2016	Q1 '17	Q2 '17	Q3 '17	Q4 '17	2017	Variance
Gross Generation, GWh											
Unit 1	346	363	305	354	1,367	-	361	484	542	1,387	1%
Unit 2	-	503	466	569	1,538	562	460	636	470	2,128	38%
Total Plant	346	866	771	923	2,905	562	822	1,120	1,012	3,515	21%
% Availability											
Unit 1	84%	92%	84%	87%	87%	0%	67%	84%	94%	62%	-29%
Unit 2	0%	82%	76%	89%	62%	92%	79%	99%	75%	86%	39%
Total Plant	42%	87%	80%	88%	74%	46%	73%	92%	85%	74%	0%
Capacity Factor											
Unit 1	53%	55%	46%	54%	52%	0%	54%	73%	83%	53%	2%
Unit 2	0%	76%	70%	87%	58%	87%	69%	96%	72%	81%	40%
Total Plant	26%	65%	58%	70%	55%	43%	62%	85%	77%	67%	22%

Unit 1

Gross Generation:

Q4 '16 vs Q4 '17 – increased due to the plant upgrade done in Q1 2017 which increased its capacity using Semirara coal. Unit 1's average capacity in Q4 2017 was 263MW, up from Q4 2016's 186MW.

YTD '16 vs YTD '17 – despite higher capacity, increase was only 1% due to Unit 1's scheduled maintenance shutdown which started on 15 December 2016 and lasted throughout Q1 of 2017.

Availability:

Q4 '16 vs Q4 '17 – scheduled maintenance shutdown started on 15 December 2016. Maintenance works included repairs of boiler tube leaks, vibrations of turbine bearing and removal of slags.

YTD '16 vs YTD '17 – decreased due to extended shutdown of the unit in Q1 2017.

Capacity Factor:

Q4 '16 vs Q4 '17 – increased due to the plant upgrade done in Q1 2017 which increased its capacity using Semirara coal. Unit 1's average capacity in Q4 2016 was 263MW, up from Q4 2016's 186MW.

YTD '16 vs YTD '17 – despite higher capacity, increased only by 2% due to extended shutdown of the unit in Q1 2017.

Unit 2

Gross Generation:

Q4 '16 vs Q4 '17– decreased due to shut down for repairs in Q4 2017. Unit 2's average capacity in Q4 2017 was 287MW, up from Q4 2016's 293MW.

YTD '16 vs YTD '17 – increased due to the plant's continuous operations, with minimal outages, unlike in 2016 when the unit underwent maintenance shutdown that lasted until 13 April 2016.

Availability:

Q4 '16 vs Q4 '17 – decreased due to shut down for repairs in Q4 2017. Maintenance works included repairs of boiler tube leaks and turbine.

YTD '16 vs YTD '17 – increased due to the plant's continuous operations, with minimal outages, unlike in 2016 when the unit underwent maintenance shutdown that lasted until 13 April 2016.

Capacity Factor:

Q4 '16 vs Q4 '17 – decreased due to shut down for repairs in Q4 2017, as well as slightly lower average load in Q4 2017 at 287MW from Q4 2016's 293MW.

YTD '16 vs YTD '17 – increased due to the plant's continuous operations, with minimal outages, unlike in 2016 when the plant was down for maintenance shutdown that lasted until 13 April 2016.

Significant event(s):

- Unit 1 was down in Q1 2017 for scheduled maintenance which started on 15 December 2016. This was originally scheduled for a 75-day maintenance shutdown. However, it was extended to allow additional maintenance works to ensure power unit availability during the summer months, as well as to upgrade the unit's output. The upgrade was successful, such that the unit can now run at 250MW to 270MW using Semirara coal; it was only running between 180MW and 200MW in 2016.

SOUTHWEST LUZON POWER GENERATION CORPORATION (SLPGC)

The table below shows SLPGC's comparative production data for 2016 and 2017.

	Q1 '16	Q2 '16	Q3 '16	Q4 '16	2016	Q1 '17	Q2 '17	Q3 '17	Q4 '17	2017	Variance
Gross Generation, GWh											
Unit 3	65	250	255	141	711	147	295	262	108	812	14%
Unit 4	152	287	111	122	672	74	300	301	200	875	30%
Total Plant	217	537	366	263	1,383	221	596	563	308	1,687	22%
% Availability											
Unit 3	34%	88%	90%	61%	68%	58%	97%	91%	39%	71%	4%
Unit 4	55%	97%	49%	59%	65%	30%	97%	100%	90%	80%	23%
Total Plant	45%	93%	69%	60%	67%	44%	97%	95%	64%	75%	13%
Capacity Factor											
Unit 3	20%	76%	77%	43%	54%	45%	89%	79%	33%	62%	15%
Unit 4	46%	87%	34%	37%	51%	23%	91%	91%	61%	67%	31%
Total Plant	33%	81%	55%	40%	53%	34%	90%	85%	47%	64%	21%

Unit 3

Gross Generation:

Q4 '16 vs Q4 '17 – slightly lower plant performance (lower operating hours offset by higher average capacity at 122MW) contributed to the lower generation for the period.

YTD '16 vs YTD '17 – the installation of anti-clogging device during the planned shutdown in January 2017 resulted in higher generation and overall better plant performance (lower outages by 10% and higher average capacity at 130MW).

Availability:

Q4 '16 vs Q4 '17– 2018 planned outage was moved earlier to Q4 2017, while higher unplanned outages were recorded in Q4 2017 vs Q4 2016.

YTD '16 vs YTD '17 – the improvements installed in Unit 3 resulted in a more dependable plant performance with 10% less shutdown in 2017 compared to 2016.

Capacity Factor:

Q4 '16 vs Q4 '17 – decreased due to more outage hours in Q4 2017, slightly offset by higher average capacity of 122MW.

YTD '16 vs YTD '17 – better plant performance in 2017 was due to improvements made while the plant was on maintenance shutdown in January.

Unit 4

Gross Generation:

Q4 '16 vs Q4 '17 – higher availability and improved average capacity resulted in increased gross generation.

YTD '16 vs YTD '17 – the installation of anti-clogging device and replacement of valves during its planned shutdown improved the unit's performance, increasing its average capacity and lessening outages, thus resulting in a marked improvement in gross generation in 2017 vs 2016.

Availability:

Q4 '16 vs Q4 '17 – increased due to lesser outages and improved dependability of the plant.

YTD '16 vs YTD '17 – improvements in the plant made during the planned shutdown increased availability in 2017 resulting in 42% decrease in outages compared to 2016.

Capacity Factor:

Q4 '16 vs Q4 '17– the unit continued to perform better in Q4 2017, with higher average capacity and increased availability vs Q4 2016.

YTD '16 vs YTD '17 – Performance improved after the 45-day planned shutdown done in January to February of 2017. With the installation of the anti-clogging device and replacement of J-valves, the plant's performance became more reliable.

Significant event(s):

- Both Units 3 and 4 are already on commercial operations since August 2016. The ERC granted the Certificate of Compliance, permitting both plants to run at its maximum capacity of 150 MW, on May 15, 2017.
- Taking over certificate for the 2x150MW Plant is effective starting 5 July 2017.

MARKETING – COMPARATIVE REPORT FY 2016 vs FY 2017

Coal

The table below shows the coal comparative sales volume data for 2016 and 2017 (in thousand tons, except ASP).

Customer	Q1	Q2	Q3	Q4	2016	Q1	Q2	Q3	Q4	2017	Variance
Power Plants											
Calaca	716	756	617	474	2,563	722	972	846	913	3,453	35%
Other PPs	307	424	350	611	1,693	412	497	401	575	1,885	11%
Total PPs	1,023	1,181	967	1,085	4,256	1,134	1,469	1,247	1,488	5,337	25%
Other Industries											
Cement	147	161	174	228	710	163	270	207	176	817	15%
Others	69	76	63	90	298	113	111	149	194	567	90%
Total Others	216	236	237	319	1,008	276	380	357	370	1,384	37%
TOTAL LOCAL	1,239	1,417	1,204	1,404	5,264	1,410	1,849	1,604	1,858	6,721	28%
EXPORT	1,674	2,246	1,818	1,813	7,550	2,206	863	1,913	1,401	6,384	-15%
GRAND TOTAL	2,913	3,662	3,022	3,217	12,814	3,616	2,713	3,517	3,259	13,105	2%
ASP (in Php)	1,593	1,719	1,815	2,405	1,886	2,250	2,057	2,158	1,892	2,268	20%

Power Plants:

Q4 '16 vs Q4 '17 – increased deliveries to Calaca plants due to higher availability and average load, other plants slightly decrease in Q4 2017.

YTD 16 vs YTD '17 – increased deliveries to Calaca plants due to higher availability and average load, increase in demand of other existing customers and served new customers in 2017.

Cement Plants:

Q4 '16 vs Q4 '17 – increased demand in 2017.

YTD 16 vs YTD '17 – increased demand in 2017.

Other Industrial Plants:

Q4 '16 vs Q4 '17 – increased demand in 2017.

YTD 16 vs YTD '17 – increased demand in 2017.

Export Sales:

Q4 '16 vs Q4 '17 – lower release of coal for export in 2017.

YTD 16 vs YTD '17 – lower release of coal for export in 2017.

ASP:

Q4 '16 vs Q4 '17– The ASP is lower in Q4 2017 although the price actually increased because of higher global coal prices. Higher liftings of low grade coal for SLPGC which brought down the average selling price (ASP).

YTD 16 vs YTD '17 – increased due to higher global coal prices

POWER

SCPC

The table below shows the comparative marketing data of SCPC for 2016 and 2017 (In GWh, except ASP).

Customer	Q1 '16	Q2 '16	Q3 '16	Q4 '16	2016	Q1 '17	Q2 '17	Q3 '17	Q4 '17	2017	Variance
Bilateral Contracts	422	954	978	922	3,276	586	736	1,031	969	3,322	1%
Spot Sales	2	12	4	29	47	1	79	76	83	239	406%
GRAND TOTAL	424	966	982	951	3,323	586	815	1,107	1,052	3,560	7%
ASP (in PhP)											
Bilateral Contracts	3.85	2.93	3.14	3.56	3.29	4.13	3.66	3.65	3.86	3.80	16%
Spot Sales	13.44	5.98	8.49	2.62	4.48	4.48	3.16	3.40	2.90	3.17	-29%
Average ASP	3.90	2.97	3.16	3.53	3.31	4.13	3.61	3.63	3.78	3.75	13%

Bilateral Contracts:

Q4 '16 vs Q4 '17 – increased due to delivery of 100MW non-firm replacement power from 26 June 2017 up to November 2017.

YTD '16 vs YTD '17 – almost no movement

Spot Sales:

Q4 '16 vs Q4 '17 – increased due to higher capacity of Unit 1, the excess is sold to spot.

YTD '16 vs YTD '17 – increased due to higher capacity of Unit 1, the excess is sold to spot.

Bilateral Contracts ASP:

Q4 '16 vs Q4 '17 – increased due to higher fuel component which is based on rising NewCastle Index.

YTD '16 vs YTD '17 – increased due to higher fuel component which is based on rising NewCastle Index.

Spot Sales ASP:

Q4 '16 vs Q4 '17 – slightly higher WESM prices in Q4 2017.

YTD '16 vs YTD '17 – higher WESM prices in 2016

Other Information:

- Of the total energy sold, 93.2% was sourced from own generation, while 6.8% was purchased from the spot market. SCPC procured power from the spot market during hour intervals where power units were down, or when the plants were running at a de-rated capacity, in order to be able to supply committed capacity to some of its customers.
- Existing bilateral contracts: Supply of power to the non-firm contract with San Miguel lasted up to Nov. 2017.

Customers	Terms	No. Years / Mos.	Contract Demand (MW)
Meralco DU	December 26, 2011 - December 25, 2018	7	250
MPower	June 26, 2013 - December 25, 2018	5	170
Batelec 1	March 26, 2013 - March 25, 2018	5	20
San Miguel (non-Firm)	June 26, 2017 - Feb 25, 2018	8 mos.	100
ECSCO	March 26, 2017 - March 25, 2019	2	0.45
Total			540.45

SLPGC

The table below shows the comparative marketing data of SLPGC for 2016 and 2017 (In GWh, except ASP).

Customer	Q1 '16	Q2 '16	Q3 '16	Q4 '16	2016	Q1 '17	Q2 '17	Q3 '17	Q4 '17	2017	Var
Bilateral Contracts	208	413	346	313	1,280	177	266	459	249	1,151	-10%
Spot Sales	41	94	31	31	198	62	266	79	41	448	127%
GRAND TOTAL	250	507	377	344	1,478	239	532	538	290	1,599	8%
ASP (in Php)											
Bilateral Contracts	4.57	4.44	4.63	5.27	4.72	5.27	5.16	4.26	5.82	4.95	5%
Spot Sales	2.45	2.77	2.44	1.91	2.52	3.46	3.09	3.08	2.83	3.12	24%
Average ASP	4.22	4.13	4.45	4.97	4.42	4.80	4.12	4.08	5.40	4.43	0%

Bilateral Contracts:

Q4 '16 vs Q4 '17 – decreased due to end of short-term replacement power contract in November 2017.

YTD 16 vs YTD '17 – decreased as GNPowr contract ended in December 2016, slightly offset by the short-term replacement contract with SMEC.

Spot Sales:

Q4 '16 vs Q4 '17 – more excess energy produced in Q4 2017 that was sold to WESM.

YTD 16 vs YTD '17 – more uncontracted power generation after expiration of GNPowr contract in 2016.

Bilateral Contracts ASP:

Q4 '16 vs Q4 '17 – slight increase in ASP due to payment of Fixed O&M

YTD 16 vs YTD '17 – increased due to higher New Castle Index in 2017, this is slightly offset by the lower fixed rate for new replacement power contract.

Spot Sales ASP:

Q4 '16 vs Q4 '17 – sold to WESM during hour intervals when prices are higher

YTD 16 vs YTD '17 – sold to WESM during hour intervals when prices are higher

Other Information:

- Of the total energy sold, 93.2% was sourced from own generation, while 6.8% was purchased from the spot market.
- Existing bilateral contracts:

SLPGC Power Supply Contracts				
Customers	Terms	No. Years	Expiring on	Contract Demand (MW)
MPower	Effective March 2016	2.75	25-Dec-2018	100
VECO	Effective December 2015	2.50	25-Jun-2018	42.51
Total				142.51

III. FINANCE

A. Sales and Profitability

Revenues (In million PhP)

Before Eliminations

	Q4 2016	Q4 2017	Variance	YTD 2016	YTD 2017	Variance	Remarks
Coal	7,738	8,883	15%	24,157	29,667	23%	Increased in ASP by 20% due to higher global price index and slight increase in sales volume of 2%
SCPC	3,357	3,979	19%	10,984	13,366	22%	14% increase in ASP; 7% increase in sales volume
SLPGC	1,049	1,562	49%	5,747	7,088	23%	8% increase in 2017 sales volume; 2016 exclusive of the energy sales during commissioning period
Total	12,144	14,425	19%	40,887	50,121	23%	

After Eliminations

	Q4 2016	Q4 2017	Variance	YTD 2016	YTD 2017	Variance	Remarks
Coal	6,637	6,707	1%	20,079	23,490	17%	Increased in ASP due to higher global price index
SCPC	3,132	3,979	27%	10,758	13,366	24%	14% increase in ASP; 7% increase in sales volume
SLPGC	1,049	1,562	49%	5,747	7,088	23%	8% increase in 2017 sales volume; 2016 exclusive of the energy sales during commissioning period
Total	10,818	12,248	13%	36,584	43,943	20%	

Cost of Sales (In million PhP)

Before Eliminations

	Q4 2016	Q4 2017	Variance	YTD 2016	YTD 2017	Variance	Remarks
Coal	5,729	4,789	-16%	13,018	15,141	16%	Higher strip ratio since it is already normalized at the new mine compared to the favorably low strip ratio during wrapping up of Panian mine in the first 3 quarters. Also higher volume sold and costs of production e.g. fuel. Q4 2017 cost is lower as Q4 2016's cost was inflated with booking of a one-time mine rehabilitation costs.
SCPC	2,103	2,838	35%	7,437	8,093	9%	Inclusive of replacement power procured at PhP3.20/kwh after the plants consumed allowable downtime.
SLPGC	1,001	858	-14%	2,503	3,197	28%	Increased due to recognition of depreciation for the full 4 quarters of 2017 vs only 3 quarters for 2016, as well as increase in cost of coal. The plants were still on commissioning status in Q1 2016, wherein costs were still capitalized.
Total	8,833	8,486	-4%	22,958	26,430	15%	

After Eliminations

	Q4 2016	Q4 2017	Variance	YTD 2016	YTD 2017	Variance	Remarks
Coal	4,769	4,294	-10%	11,013	11,910	8%	Higher strip ratio since it is already normalized at the new mine compared to the favorably low strip ratio during wrapping up of Panian mine in the first 3 quarters. Also higher volume sold and costs of production e.g. fuel. Q4 2017 cost is lower as Q4 2016's cost was inflated with booking of a one-time mine rehabilitation costs.
SCPC	1,948	1,727	-11%	5,733	5,871	2%	Inclusive of replacement power procured at PhP3.20/kwh after the plants consumed allowable downtime.
SLPGC	<u>835</u>	369	-56%	<u>1,954</u>	2,552	31%	Increased due to recognition of depreciation for the full 4 quarters of 2017 vs only 3 quarters for 2016, as well as increase in cost of coal. The plants were still on commissioning status in Q1 2016, wherein costs were still capitalized.
Total	<u>7,552</u>	6,390	-15%	<u>18,701</u>	20,333	9%	

Consolidated Gross Profit (In million PhP)

	Q4 2016	Q4 2017	Variance	YTD 2016	YTD 2017	Variance	Remarks
Coal	1,868	2,413	29%	9,066	11,579	28%	Due to the significant increase in selling price which offset the increase in cost, hence profitability still increased
SCPC	1,184	2,253	90%	5,025	7,495	49%	Higher coal price index pulled up ASP in 2017, resulting to healthier revenues; while costs increased at a lower rate.
SLPGC	<u>214</u>	1,193	458%	<u>3,793</u>	4,536	20%	2 units were fully operational with higher availability in 2017
Total	<u>3,266</u>	5,858	79%	<u>17,883</u>	23,610	32%	
GP %	51%	50%	-2%	57%	56%	-1%	

Consolidated OPEX (In million PhP)

	Q4 2016	Q4 2017	Variance	YTD 2016	YTD 2017	Variance	Remarks
Coal	64	1,537	2316%	3,224	5,002	55%	Higher revenue generation translated to higher government royalties from PhP2.65B in 2016 to PhP4.31B in 2017, In Q4 2017 alone, government royalties accrued amounted to PhP1.28B; General Admin Expenses likewise increased from PhP575M to PhP693M due to increase in personnel costs and others.
SCPC	571	1,321	131%	1,480	2,260	53%	Consists of operating and maintenance cost. This also includes recognition of accelerated depreciation in relation to the planned life-extension works of SCPC power plants in 2019 amounting to PhP840 million in 2017
SLPGC	125	292	134%	295	767	160%	Mainly due to increase in O&M expense and Real Property Tax
Others	0	179	0%	1	179	35660%	Mainly due to derecognition of development costs of Semirara Claystone, Inc.
Total	760	3,329	338%	4,999	8,207	64%	

Consolidated Finance Income (In million PhP)

	Q4 2016	Q4 2017	Variance	YTD 2016	YTD 2017	Variance	Remarks
Coal	21	14	-33%	44	51	16%	Increase because of higher cash for short-term placement
SCPC	3	2	-17%	11	9	-23%	Decrease due to lower cash available for short-term placement
SLPGC	16	7	-55%	28	36	29%	Increase because of higher cash for short-term placement
Others	0	0	0%	0	0	0%	
Total	40	23	-41%	83	96	15%	

Consolidated Finance Charges (In million PhP)

	Q4 2016	Q4 2017	Variance	YTD 2016	YTD 2017	Variance	Remarks
Coal	86	144	67%	228	354	55%	Increase in debt level and interest rates in 2017 due to higher benchmark (PDSTR-2)
SCPC	22	22	-1%	90	60	-34%	SCPC's LTD interest-bearing loans was fully paid. Also, a portion of its higher priced long-term loan was converted to cheaper short-term loan.
SLPGC	69	79	15%	280	304	9%	Plant is on commercial operations in 2017 hence finance costs is no longer capitalized, unlike in first half of 2016
Total	177	245	39%	599	718	20%	

Consolidated Foreign Exchange Gain / (Loss) (In million PhP)

	Q4 2016	Q4 2017	Variance	YTD 2016	YTD 2017	Variance	Remarks
Coal	(172)	(39)	-78%	(347)	(280)	-19%	Due to the partial conversion of USD denominated loans to PhP
SCPC	(15)	(15)	1%	(52)	(105)	100%	Realized loss on its foreign currency denominated transactions
SLPGC	(4)	(7)	69%	(4)	(7)	95%	Realized loss on its foreign currency denominated transactions
Total	(191)	(60)	-68%	(403)	(392)	-3%	

Consolidated Other Income (In million PhP)

	Q4 2016	Q4 2017	Variance	YTD 2016	YTD 2017	Variance	Remarks
Coal	36	48	32%	171	127	-26%	Realized gain on sale of fully depreciated assets
SCPC	50	414	726%	123	510	315%	Insurance proceeds and deferred revenue arising from receivable from PSALM are booked in 2017. Unit 2 was down in Q1 2016, hence less fly ash is sold as cement additive
SLPGC	645	394	-39%	645	438	-32%	Fly ash sold as cement additive
Total	731	855	17%	938	1,076	15%	

Consolidated NIBT (In million PhP)

	Q4 2016	Q4 2017	Variance	YTD 2016	YTD 2017	Variance	Remarks
Coal	1,602	754	-53%	5,482	6,122	12%	Higher coal sales pushed profitability up in 2017
SCPC	630	1,311	108%	3,537	5,590	58%	Higher generation and better prices
SLPGC	677	1,216	80%	3,886	3,931	1%	Better plant performance in 2017 translated to improved profits during the year.
Others	-	(179)	100%	(1)	(179)	35660%	Mainly due to derecognition of development costs of Semirara Claystone, Inc.
Total	2,909	3,103	7%	12,904	15,464	20%	

Consolidated Income Tax Provision (In million PhP)

	Q4 2016	Q4 2017	Variance	YTD 2016	YTD 2017	Variance	Remarks
Coal	57	26	-55%	62	30	-51%	Minimal coal tax provision is due to the Income tax holiday incentive.
SCPC	231	85	-63%	640	1,036	62%	Increase in SCPC's tax provision is a result of increase in profitability in 2017
SLPGC	125	145	16%	162	189	17%	Minimal SLPGC tax provision is due to the Income tax holiday it enjoys as a BOI-registered company. The increase over 2016 is due to income taxes paid on BCQ sales from Spot Purchases
Total	414	255	-38%	863	1,255	45%	

NIAT (In million PhP)
Before Eliminations (Core Income)

	Q4 2016	Q4 2017	Variance	YTD 2016	YTD 2017	Variance	Remarks
Coal	1,689	2,412	43%	7,495	9,041	21%	Growth in income is mainly driven by increase in selling price
SCPC	468	115	-75%	1,418	2,331	64%	Although there are more plant downtime, plants are running at higher capacity, prices are also higher. These translated to higher revenues and profitability
SLPGC	422	582	38%	3,218	3,098	-4%	Higher revenue and volume sold is slightly offset by higher Real Property tax, Interest and Depreciation fully chargeable to OPEX.
Others	(4)	(178)	4358%	(4)	(178)	4358%	Mainly due to derecognition of development costs of Semirara Claystone, Inc.

After Eliminations (Consolidated)

	Q4 2016	Q4 2017	Variance	YTD 2016	YTD 2017	Variance	Remarks
Coal	1,544	728	-53%	5,420	6,092	12%	Growth in income is mainly driven by increase in selling price.
SCPC	399	1,227	208%	2,896	4,554	57%	Although there are more plant downtimes, plants are running at higher capacity, prices are higher. These translated to higher revenues and profitability
SLPGC	552	1,071	94%	3,724	3,742	0%	Higher energy sales, further augmented by 46% better average price/KWh of power sold boosted profitability. SLPGC also enjoys ITH
Others	(4)	(178)	4358%	(1)	(179)	35660%	Mainly due to derecognition of development costs of Semirara Claystone, Inc.
Total	2,491	2,848	14%	12,040	14,209	18%	

B. Solvency and Liquidity

Internal cash generation in 2017 amounted to PHP18.20 billion. Consolidated loan availments amounted to PHP6.54 billion, representing coal's medium-term loan to fund maintenance and additional CAPEX for the increase in capacity. Additional cash of PHP126.23 million was generated

from sale of coal segment fully depreciated assets and from withdrawal of the remaining PHP68.72 million sinking fund upon full payment of SCPC's loan term debt. Combined with beginning Cash of PHP7 billion, total consolidated Cash available during the period stood at PHP31.92 billion.

Of the available cash, PHP6.32 billion was used to fund major CAPEX. The Company also paid debts amounting to PHP5.22 billion and other investing and released the retention amounting to PHP1.15 billion after final turn-over of its power plant in July 2017. On the Company's buyback program, it reacquired 2.7 million shares amounting to PHP100.37 million. The Company declared and paid cash dividends of PHP10.65 billion during the period. Ending cash closed at PHP8.47 billion, a 21% increase from the beginning cash.

Coal, SCPC, and SLPGC recorded ending cash of PHP5.80 billion, PHP584.41 million, and PHP2.03 billion, respectively. Other pre-operating business closed with a total cash balance of PHP58 million.

Consolidated Current ratio improved to 1.69x from 1.35x at the start of the year.

C. Financial Condition

ASSETS

Cash

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	4,298	5,796	35%	Stronger sales volume, boosted by higher ASP resulted to higher cash generation but used up to pay cash dividend and CAPEX hence the decrease
SCPC	659	584	-11%	Strong cash generation and payments of suppliers
SLPGC	2,010	2,032	1%	Settlement for the partial remaining payable of the 2x150MW project and additional CAPEX for the 2x23MW Gas turbine
Others	26	59	125%	Additional capital infusion to the pre-operating subsidiary
Total	6,993	8,471	21%	

Consolidated Receivables

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	2,451	2,204	-10%	Mainly trade-related; improvement in collection of coal exports. 95% of invoice amount collected upon presentation of invoice and shipping documents with correspondent bank
SCPC	2,106	3,164	50%	Collection of November 2017 power bills fell on a holiday and collected in 2018
SLPGC	1,128	1,106	-2%	Mainly trade-related receivables
Total	5,685	6,475	14%	

Consolidated Inventories

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	2,960	3,148	6%	Inventory is comprised of cost of ending coal inventory of Php970 million and materials spare parts, fuel, and supplies amounting to Php2.2 billion
SCPC	1,930	1,957	1%	Comprised of coal inventory of Php184M and spare parts inventory for corrective, preventive and predictive maintenance program
SLPGC	497	809	63%	Comprised of Spare parts inventory for corrective, preventive and predictive maintenance program (Php 513 million), Coal (Php 170 million) and diesel, chemicals and others (Php 126 million)
Others				Cash balances of pre-operating subsidiary
Total	5,386	5,914	10%	Coal increased production, correspondingly increasing material & parts required inventory; SCPC preparing for life extension; SLPGC already on commercial operations and plants are performing at higher capacity, thus requiring corresponding increase in inventory of parts

Investment in JV

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	52	51	-3%	
Total	52	51	-3%	

Investment in Sinking Fund

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
SCPC	69	-	-100%	withdrawal of sinking fund following the full payment of LTD
Total	69	-	-100%	

Consolidated Other Current Assets

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	625	1,264	102%	Mainly comprised of prepaid income taxes and advances to contractors and suppliers of spare parts and equipment amounting to Php454.34 million and Php804.64 billion, respectively.
SCPC	369	750	103%	Mainly accounted for advances to suppliers, rentals, insurance and other expense (Php649 million).
SLPGC	1,974	1,410	-29%	Mainly comprised of input VAT amounting to PhP 1.1 billion and PhP 277 million advances/prepayments to suppliers
Total	2,968	3,423	15%	

Consolidated Total Current Assets

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	10,387	12,462	20%	Please refer above
SCPC	5,132	6,456	26%	
SLPGC	5,609	5,357	-4%	
Others	26	59	125%	
Total	21,154	24,334	15%	

Consolidated PPE

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	10,221	10,888	7%	Additional Capex for capacity expansion and maintenance capex of PhP4.3 billion off-set by depreciation
SCPC	14,925	14,656	-2%	Capex of PhP1.63 billion offset by depreciation
SLPGC	18,206	17,470	-4%	Capex of PhP796 million off-set by negative variation of PhP388 million and depreciation
Total	43,352	43,014	-1%	

Consolidated Other Non-Current Assets

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	195	204	5%	Additional software cost
SCPC	249	278	11%	Mainly consists of prepaid leases and unrealized input tax
SLPGC	135	317	135%	Mainly consists of prepaid leases and unrealized input tax
Others	156	-	-100%	Derecognition of capitalized development costs of Semirara Claystone
Total	735	798	9%	

Consolidated Deferred Tax Assets

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	54	85	58%	Mainly related to remeasurement losses on Pension Plan
SCPC	465	365	-22%	Mainly related to provision for doubtful account and deferred revenue
Total	520	450	-13%	

Consolidated Total Assets

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	20,857	23,639	13%	Refer to above explanation
SCPC	20,773	21,755	5%	
SLPGC	23,950	23,144	-3%	
Others	183	59	-68%	
Total	65,762	68,596	4%	

LIABILITIES

Accounts and Other Payables

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	7,058	8,014	14%	Primarily due to the increased requirements related of the capacity expansion
SCPC	2,380	1,793	-25%	The decrease merely pertains to timing of payment of trade suppliers and contractors
SLPGC	2,784	1,044	-62%	Pertains to release of retention payable for the 2x150MW Project upon final turn-over last July 2017. Remaining balance pertains to Payables to Trade and Affiliates
Total	12,221	10,851	-11%	

Short-term Loans

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
SCPC	1,600	-		Full settlement of the short-term loan
Total	1,600	-	-100%	

Current Portion of Long-term Debt

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	-	1,852	100%	Maturing LTD within a year
SCPC	128	-	-100%	Fully paid LTD
SLPGC	1,704	1,704	0%	
Total	1,832	3,556	94%	

Total Current Liabilities

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	7,058	9,866	40%	Please refer to above
SCPC	4,108	1,793	-56%	
SLPGC	4,487	2,748	-39%	
Total	15,653	14,407	-8%	

Long-Term Debt - Net of Current Portion

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	5,618	5,539	-1%	
SCPC	-	2,985	100%	Availed of LTD in Q4 2017
SLPGC	7,640	5,944	-22%	Decrease is due to amortization for the year
Total	13,258	14,468	9%	Increase is due to increase in coal long-term debt avallment

Pension Liability

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	68	174	158%	Additional provision for pension liabilities due to salary adjustments and transferred employees from affiliates
SCPC	27	25	-9%	Retirement of employees in 2017
SLPGC	19	35	80%	increase in provision for pension obligation
Total	114	234	105%	

Provision for Site Rehabilitation

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	1,593	1,687	6%	Additional provision based on revised plan
SCPC	14	15	9%	Additional provision for plant decommissioning
SLPGC		4	100%	Provision for plant decommissioning
Total	1,606	1,706	6%	

Other Long-Term Liabilities

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
SLPGC	843	46	-95%	Settlement of retention payable
Total	843	46	-95%	

Deferred Tax Liabilities

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
SLPGC	1	55	4371%	Deferred Tax Liabilities arising from unrealized income from financial contract
Total	1	55	4371%	

Total Non-Current Liabilities

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	7,278	7,400	2%	Please refer above
SCPC	41	3,025	7312%	
SLPGC	8,504	6,085	-28%	
Total	15,823	16,509	4%	

Total Liabilities

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	14,336	17,266	20%	Please refer above
SCPC	4,149	4,818	16%	
SLPGC	12,991	8,833	-32%	
Others			#DIV/0!	
Total	31,475	30,917	-2%	

EQUITY

Capital Stock

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal (Parent)	1,069	4,265	299%	Increase due to stock dividend of 3 shares for every 1 share held. Par value at Php1 / share

Additional Paid-in Capital

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal (Parent)	6,676	6,676	0%	No changes.

Treasury Shares

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal (Parent)	388	488	26%	Purchase of 3.46 million SCC shares in 2016 and 2.7 million shares in 2017

Remeasurement Gain / (Losses) on Pension Plan

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	(24)	(81)	236%	Actuarial valuation loss in pension plan due to increase in number of employees
SCPC	(2)	(1)	-53%	Some employees retired during the year
SLPGC	3	(4)	-239%	Due to increase in number of employees
Others			#DIV/0!	
Total	(23)	(86)	268%	

Retained Earnings / (Losses)

	FY 2016 (Audited)	FY 2017 (Audited)	Variance	Remarks
Coal	16,540	12,756	-23%	Decrease in retained earnings due to the payment of special cash dividends amounting to Php5.3 B. on top of the regular dividend
SCPC	6,730	8,806	31%	Strong profitability slightly offset by payment of cash dividend
SLPGC	3,689	5,930	61%	Cash dividend of PhP 1 Billion in Q3 2017 still manage to increase because of good performance
Others	(6)	(179)	2948%	Mainly related to the write-off of research and development costs of pre-operating subsidiary
Total	26,953	27,313	1%	

IV. PERFORMANCE INDICATORS:

1. **Net Income After Tax** – The Company continues to show remarkable operating and financial performance. Net income grew by 18% YoY.
2. **Dividend Payout** – Strong profitability and high liquidity enables the Company to continue paying generous dividends. The board of directors declared PhP5 dividend per share (PhP1.25 per share post 300% stock dividend) which was paid last 25 April 2017, increasing by 25% from 2016's PhP 4 per share (PhP1.00 per share post 300% stock dividend). Moreover, another PhP5 dividend per share (PhP1.25 per share post 300% stock dividend) was declared by the board of Directors and was paid 8 September 2017. Payout ratio of 106% is way above the Company's policy of at least 20%.
3. **Debt-to-Equity Ratio** – The increase in total debts was sufficiently matched by robust earnings during the period which effectively augmented Equity. As a result, DE improved to 0.82x from 0.92x as at the start of the year.
4. **Net Profit Margin** – Net profit margin remains strong at 32% with strong revenues from the coal and power businesses.
5. **Current Ratio** – Healthy cash position and drop in Accounts Payable improved Current Ratio to 1.69 at the end of the period from 1.35 at the start of the year. The Company set an internal current ratio threshold of at least 1.00.

V. OTHER INFORMATION:

1. There were no known trends, events or uncertainties that have material impact on liquidity.
2. SMPC provides interim corporate suretyship in favor of the lenders of SLPGC for the project debt facility amounting to Php11.5 billion that financed the 2x150MW power plant expansion at Calaca, Batangas. It started amortizing the loan in 2015; as at end of this year outstanding balance decreased to Php7.67 billion.
3. There are no material off-balance sheet transactions, arrangements, obligations, and other relationships of SMPC with unconsolidated entities or other persons created during the reporting period;

4. SCPC started its life extension program with an estimated total project cost of USD217 million. This is a 3-year program that aims to increase the economic life of Units 1 & 2 for another 20 to 25 years. Revised target completion is 2020;
5. SMPC is still waiting for ERC approval of the 400MW Power Supply Agreement (PSA) entered into by St. Raphael Power Generation Corporation (SRPGC) and Manila Electric Company (Meralco) at December 31, 2017. As at December 31, 2017, SRPGC is equally owned by SMPC and MGen;
6. There are no significant elements of income or loss from continuing operations;
7. On March 1, 2018 the Energy Regulatory Commission issued Certificate of Compliance (COC) (COC No. 18-03-M-00148L and COC No. 18-03-M-00149L) for Units 3 and 4 Modular Gas Turbine Power Plant of SLPGC, respectively, located in Brgy. San Rafael, Calaca, Batangas. Each unit has a 25MW capacity and the said COC shall be both valid for five (5) years;
8. SMPC shall accelerate the rehabilitation of South Panian in 2-year time with an estimated cost of Php2.3 billion;
9. There were no subsequent events that came to our knowledge, which are material enough to warrant an adjustment in the consolidated financial statements;
10. The Group's operation is not cyclical or seasonal in nature. Mining activities is continuous throughout the year as coal production output from period to period can be adjusted through efficient mine planning on both short-term and long-term, mitigating negative impact of the rainy season to mine operations. The power generation business is also operational throughout the year as maintenance shutdown is just part of normal operation of the plant and programmed ahead of time.

Full Years 2015-2016

PRODUCTION – COMPARATIVE REPORT 2015 vs 2016

COAL

On 12 February 2016, the Department of Environment and Natural Resource (DENR) approved the Company's request to amend our Environmental Clearance Certificate (ECC) allowing us to increase our mining capacity from 8 million tons to 12 million tons. Two months after, on 29 April 2016, DENR issued another amendment further increasing maximum capacity to 16 million tons per annum.

With the amendment of the ECC, the Company embarked on a capacity expansion program by investment in additional CAPEX. Weather conditions were also favorable throughout the year. As a result, total materials moved increased by 42% YoY to 125.43 million bank cubic meters (bcm), inclusive of the 46.97 million bcm pre-stripping at Molave mine from 22 million last year.

Clean coal production consequently increased by 33% YoY to 11.91 million metric tons (tons) from 7.98 million tons in 2015. In addition, 1.15 million tons of low-grade coal were produced in 2015 and 900 thousand tons in 2016.

The aggregate strip ratio slightly increased to 9.08 compared to 9.02:1 last year. However, the strip ratio in Panian significantly dropped to 3.94:1 as it was already closed in September.

To prepare for anticipated increase in coal production, the Company is constructing an additional transfer line and shiploading system.

Meanwhile, the Board of Investments (BOI) approved the registration of a new mine, Molave mine on 24 February 2016. Like the Narra Mine, as a BOI-registered project, revenues from Molave mine production will be entitled to full or 100% income tax holiday (ITH). Molave contains higher quality coal which can be sold to local plants that are designed to use coal fuel higher than our average 5,300 kcal coal.

In 2016, improvement of shipyard facilities was completed, such that there are already three shiploaders that can simultaneously operate. One of these shiploaders can accommodate 70,000-ton Panamax vessels used in our export sales. Apart from improving loading efficiency, we are able to save around \$2 barging cost of mid-stream loading in order to load up a Panamax vessel.

Coal sales volume registered a new record high this year, increasing by 52% YoY to 12.8 million tons from 8.4 million tons last year. Clean coal ending inventory closed at 893 thousand tons, 7% higher than same period last year's ending inventory of 829 thousand tons.

The table below shows the comparative production data for 2015 and 2016.

(in millions except strip ratio)	ACTUAL					ACTUAL					VARIANCE	
	Q1	Q2	Q3	Q4	2016	Q1	Q2	Q3	Q4	2015	vs 2015	
PRODUCTION												
Total Materials (BCM)	30.8	36.5	23.8	34.3	125.4	26.3	27.8	9.5	25.0	88.6	36.8	42%
Pre-Stripping (BCM)	-	28.1	18.9		47.0				22.0	22.0	25.0	0%
Prod'n Stripping (BCM)	30.8	8.5	4.9	34.3	78.5	26.3	27.8	9.5	3.0	66.6	11.8	18%
Clean Coal (MT)	3.4	2.0	2.8	3.6	11.9	2.3	2.2	1.1	2.4	8.0	3.9	49%
Strip Ratio (W:C)	8.3	3.5	1.0	8.7	5.9	10.6	12.0	8.3	0.5	7.6	(1.8)	-23%
Saleable Coal (MT)	3.4	2.0	2.8	3.6	11.9	2.3	2.1	1.0	2.6	8.0	3.9	49%
Unwashed Coal (MT)	0.3	0.2	0.1	0.3	0.9	0.4	0.3	0.2	0.3	1.1	(0.2)	-22%
Beg. Inventory (MT)	0.8	1.8	0.4	0.8	0.8	0.4	0.3	0.6	0.3	0.4	0.4	115%
End Inventory (MT)	1.8	0.4	0.4	0.9	0.9	0.3	0.6	0.3	0.8	0.8	0.1	8%

POWER

SCPC

The originally scheduled 31-day maintenance shutdown for Unit 2 from November 20, 2015 to Dec 20, 2016 has extended until mid April 2016. As a result, total gross generation is down by 27% YoY to 2,909 GWhr from 3,959 GWhr last year. Consequently, capacity factor also dropped by 27%.

Total plants' availability fell by 15% YoY to 13,047 hours from 15,314 hours.

Unit One

Unit 1 generated 1,339 GWh as of Q4 this year, 26% lower than last year's generation of 1,819 GWh. Average capacity dropped by 23% to 176 MW from 228 MW last year. Last year's capacity was higher due to the high-grade coal production in Panian last year. Capacity factor dropped YoY to 51% from Q4 2015's 69%.

The Unit's operating hours decreased insignificantly this year to 7,616 hours compared to last year's 7,971 hours.

Unit Two

Gross generation of Unit 2 dropped by 27% YoY to 1,570 GWh from 2,140 GWh last year.

The unit did not generate any power in Q1 2016 while on maintenance shutdown. The maintenance shutdown which started on 20 November 2015 was originally scheduled for one month. However, it lasted until 13 April 2016.

Average Capacity dropped by 1% YoY to 289MW from 291 MW last year. Notably however, capacity stabilized to 300MW after the shutdown. Capacity factor also dropped to 60% from 81% last year.

Unit 2's availability likewise dropped to 62% YoY in the current period from 84% last year. Unplanned outages this year registered at 3,353 hours, 398% more than last year's 673 hours.

The table below shows the comparative production data for 2015 and 2016.

COMPARATIVE PLANT PERFORMANCE DATA											
AO Q4'15 VS AO Q4'16											
	Q1 '15	Q2 '15	Q3 '15	Q4 '15	AO Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16	AO Q4 '16	Q1 '15
Gross Generation, Gwh											
Unit 1	456	495	450	419	1,819	344	359	303	334	1,339	-26%
Unit 2	558	656	549	376	2,140	-	535	470	565	1,570	-27%
Total Plant	1,014	1,151	998	795	3,959	344	894	773	899	2,909	-27%
% Availability											
Unit 1	77%	91%	96%	100%	91%	84%	92%	84%	87%	87%	-5%
Unit 2	91%	100%	85%	60%	84%	0%	82%	76%	89%	62%	-26%
Total Plant	84%	96%	90%	80%	87%	42%	87%	80%	88%	74%	-15%
Capacity Factor											
Unit 1	70%	75%	68%	64%	69%	53%	54%	46%	51%	51%	-27%
Unit 2	86%	99%	83%	57%	81%	0%	81%	71%	86%	60%	-27%
Total Plant	78%	87%	75%	61%	75%	26%	67%	58%	69%	55%	-27%

SLPGC

Unlike last year when the 2 x 150 MW plants only started generating in Q3, both power units were generating energy more reliably starting February 2016. Official declaration of commercial operations was on 26 August 2016 for both units, with a Provisional Authority to operate at 140 MW per plant.

Unit Three

Unit 3 generated 711 GWh as of Q4 this year. Average capacity is 119 MW, with a capacity factor of 54%. The unit operated for 5,974 hours this year.

Unit Four

Gross generation of Unit 4 is 672 GWh. Average Capacity is 117 MW, while capacity factor is at 51%

Unit's operating hours this year is 5,723 hours.

The table below shows the comparative production data for 2015 and 2016.

COMPARATIVE PLANT PERFORMANCE DATA											
Q4 '15 vs Q4 '16											
	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Tot Yr '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Tot Yr '16	% Inc (Dec)
Gross Generation, GWh											
Unit 3	-	-	107	52	160	65	250	255	141	711	345%
Unit 4	-	-	8	43	51	152	287	111	122	672	1207%
Total Plant	-	-	115	96	211	217	537	366	263	1,383	555%
% Availability											
Unit 3	0%	0%	46%	21%	15%	34%	88%	90%	61%	70%	360%
Unit 4	0%	0%	7%	19%	2%	55%	97%	49%	59%	67%	2903%
Total Plant	0%	0%	26%	20%	9%	45%	93%	69%	60%	69%	686%
Capacity Factor											
Unit 3	0%	0%	32%	16%	11%	20%	76%	77%	43%	58%	429%
Unit 4	0%	0%	2%	13%	1%	46%	87%	34%	37%	56%	6641%
Total Plant	0%	0%	17%	15%	6%	33%	81%	55%	40%	57%	870%

MARKETING – COMPARATIVE REPORT 2015 vs. 2016

COAL

Coal sales volume breached the record this year, increasing by 52% YoY at 12.82 million tons from 8.43 million tons last year.

Export sales accounted for 59% of total coal sales volume this year at 7.55 million tons, increasing by 143% from last year's 3.11 million tons. Increase in coal production allowed the Company to service more demand from export markets.

Meanwhile, local sales slightly dropped by 1% YoY to 5.27 million tons from 5.32 million tons last year. This figure is inclusive of low-grade coal of 955 thousand tons and 1.95 million tons in 2015 and 2016, respectively. Deliveries to power customers increased by 8% with increased orders from other plants not owned by the Company.

On the other hand, sales to cement plants dropped by 31% YoY to 710 thousand tons from 1.03 million tons last year because some plants opted to buy lower-priced imported coal, especially in the first three quarters of the current year.

Sales to other industrial plants also decreased by 18% YoY to 298 thousand tons from 362 thousand tons last year.

Some cement plants and customers with small boilers are now using alternative fuel, thus explaining the drop in off-take of cement and other industrial plants.

Composite average FOB price per ton dropped by 3% YoY to PHP1,885 from PHP1,943 in 2015. Although global coal prices moved up starting September, prior to that, prices were depressed. In addition, deliveries of lower price low-grade coal to own power units this year, more than doubled. Average price of low-grade coal is PHP867/ton vs regular coal's average price of PHP1,974/ton.

The table below shows the comparative sales volume data for 2015 and 2016.

Customer	Q1	Q2	Q3	Q4	2016	%	Q1	Q2	Q3	Q4	2015	%	% change
Calaca	705	767	617	474	2,563	20%	666	626	661	743	2,696	32%	-5%
GBPs	122	278	168	393	960	7%	202	208	166	200	775	9%	24%
Others PPs	186	147	182	218	733	6%	111	99	139	112	462	5%	59%
Power Plants	1,012	1,192	967	1,085	4,256	33%	980	932	966	1,055	3,933	47%	8%
Cement	147	161	174	228	710	6%	278	246	278	224	1,027	12%	-31%
Others Plants	69	76	63	90	298	2%	93	114	91	65	362	4%	-18%
Local	1,228	1,428	1,204	1,404	5,264	41%	1,351	1,292	1,336	1,344	5,323	63%	-1%
Export	1,674	2,246	1,818	1,813	7,550	59%	1,054	534	562	956	3,105	37%	143%
Total	2,902	3,674	3,022	3,217	12,814	100%	2,404	4,230	1,898	2,300	8,428	100%	52%

POWER

SCPC

SCPC's Energy sales dropped by 12% YoY to 3,322 GWh from 3,754 GWh last year. Composite average price per Kwh also decreased by 3% YoY at PHP3.31 from PHP3.41 last year due to lower spot sales during the year. Moreover, Newcastle index, which is the benchmark for fuel pass-through, was down in the first half of the year. Last year, higher composite average price was driven by high volume of spot sales with higher price than bilateral contracts.

Average price for bilateral contracts dropped by 1% YoY to PHP3.29/KWh from PHP3.33/KWh last year due to lower Newcastle prices which are the contracts' index.

On the other hand, spot sales' average price is 11% lower YoY at PHP4.48/KWh from PHP5.05/KWh.

Of the total energy sold, 99% or 3,276 GWh were sold to bilateral contracts, while the remaining 1% were sold to the spot market.

MERALCO remained to be the single biggest customer, accounting for 92% of the total energy sales of the bilateral contracts; BATELEC I and Trans-Asia comprised 5% and 1% of total sales, respectively. Trans-Asia bilateral contracting 45MW has ended March 25, 2016

Spot Market Sales dropped by 73% YoY to 46 GWh, as against 173 GWh last year.

Of the total energy sold, 82% was sourced from own generation, while 18% was purchased from the spot market. SCPC procured power from the spot market during hour intervals where power units were down, or when the plants were running at a de-rated capacity, in order to be able to supply committed capacity to some of its customers.

The table below shows the comparative marketing data for 2016 and 2015.

COMPARATIVE SALES VOLUME DATA (in GWh)											
CUSTOMER	Q1 '15	Q2 '15	Q3 '15	Q4 '15	AO Q4 '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16	AO Q4 '16	% Inc (Dec)
Bilateral Contracts	902	1,031	937	710	3,581	422	954	978	922	3,276	-9%
Spot Sales	80	65	20	8	173	2	12	4	29	46	-73%
GRAND TOTAL	982	1,096	957	719	3,754	424	966	982	950	3,322	-12%
Composite Ave Price	3.56	3.37	3.30	3.40	3.41	3.90	2.97	3.16	3.53	3.31	-3%

SLPGC

SLPGC has a total contracted capacity of 202 MW. In Q1, two contracts totaling to 102 MW are already effective, while the remaining 100MW became effective in Q2. Most of the plants' generated energy or 1,281 GWh served SLPGC's contracts, while 197 GWh were sold to spot. Composite average price for the period is PHP4.42/KWh.

Bilateral contracts account for 81% or 1,186GWhr of energy sold, while 6% or 95GWhr is sold to SCPC as replacement power, while spot market took up 13% or 197GWhr.

Mpower accounts for 34% of the total energy sales of the bilateral contracts; VECO and GN Power comprised 24% and 23% of total sales, respectively.

Of the total energy sold, 79% was sourced from own generation, while 21% was purchased from the spot market. SLPGC procured power from the spot market during hour intervals where power units were down, or when the plants were running at a de-rated capacity, in order to be able to supply committed capacity to some of its customers.

The table below shows the comparative marketing data for 2015 and 2016.

COMPARATIVE SALES VOLUME DATA (in GWh)											
CUSTOMER	Q1 '15	Q2 '15	Q3 '15	Q4 '15	Tot Yr '15	Q1 '16	Q2 '16	Q3 '16	Q4 '16	Tot Yr '16	% Inc (Dec)
Bilateral Contracts	-	-	23	92	115	208	413	346	313	1,281	1011%
Spot Sales	-	-	83	10	94	41	94	31	31	197	111%
GRAND TOTAL	-	-	107	102	209	250	507	377	344	1,478	608%
Composite Ave Price			2.56	4.51	3.51	4.22	4.13	4.45	4.97	4.42	26%

III. FINANCE

A. Sales and Profitability

Revenues

Before Eliminations

	2015	2016	Variance	Remarks
Coal	16,373	24,157	48%	Increased sales volume by 52%
SCPC	12,797	10,984	-14%	14% decrease in energy sales; 3% decrease in price/KWh
SLPGC	101	5,747	5564%	510% increase in energy sales; 46% increase in price/KWh

After Eliminations (Consolidated)

	2015	2016	Variance	Remarks
Coal	11,782	20,079	70%	Increase in sales volume sold to external customer by 79%
SCPC	12,797	10,758	-16%	12% decrease in energy sales; 3% decrease in price/KWh
SLPGC	101	5,747	5564%	510% increase in energy sales; 46% increase in price/KWh
Total	24,680	36,584	48%	increased coal & SLPGC revenues offset drop in SCPC revenues

Before Eliminations

	2015	2016	Variance	Remarks
Coal	8,633	13,018	51%	Higher volume sold; Despite the the recognition of one time provision for Panian mine rehabilitation; higher strip ratio of the new mines in Q4; mine development costs and slope stability costs are no longer capitalized after commercial operations of Narra and Molave the cost per MT still improve by 4%
SCPC	6,347	7,437	17%	PHP3.38/kwh after the plants consumed allowable downtime.
SLPGC	67	2,462	3568%	Already in commercial operations, hence cost is already under cost of sales

After Eliminations (Consolidated)

	2015	2016	Variance	Remarks
Coal	6,388	11,013	72%	Higher volume sold; booking of additional expense for mine development; higher strip ratio of the new mines in Q4. Additional provision for Panian mine final rehab and slope stability costs are no longer capitalized after commercial operations of Narra and Molave.
SCPC	4,133	5,508	33%	Inclusive of replacement power of PHP3.38/kwh after the plants consumed allowable downtime.
SLPGC	21	2,179	10335%	Already in commercial operations, hence cost is already under cost of sales
Total	10,542	18,701	77%	Depreciation dropped 12% YoY to PHP1.74 billion from PHP1.98 billion last year

Consolidated Gross Profit

	2015	2016	Variance	Remarks
Coal	5,394	9,066	68%	Increase due to higher volume sold despite lower coal profitability due lower average selling price
SCPC	8,664	5,475	-37%	SCPC and SLPGC contributed PHP8.66 billion and PHP108.96 million, respectively, this year.
SLPGC	81	3,342	4048%	
Total	14,138	17,883	26%	Lower cost offset decrease in revenues
<i>Gross Profit Margin</i>	<i>57%</i>	<i>49%</i>	<i>-15%</i>	

Consolidated OPEX

	2015	2016	Variance	Remarks
Coal	2,336	3,225	38%	Higher revenue generation translated to higher government royalties from Php1.8 B in 2015 to Php2.7 B in 2016
SCPC	1,975	1,480	-25%	Mainly comprised of management fees and taxes and licenses; increase due to full provision for allowance for the questioned PEMC receivables on electricity sold on spot last November and December 2013 amounting to P896.14 million
SLPGC	72	294	306%	Non-capitalizable expenses
Others	5	1	-90%	OPEX of pre-operating subsidiaries
Total	4,389	4,999	14%	Increase is mainly driven by coal business' growth in OPEX

Consolidated Finance Income

	2015	2016	Variance	Remarks
Coal	23	41	82%	Higher cash levels in 2016
SCPC	17	11	-31%	Less placements, lower rates
SLPGC	18	31	69%	Interest for undisbursed loan proceeds
Others	0	0	-4%	Interest of placed cash of pre-operating subsidiaries
Total	58	83	45%	Higher cash levels offset lower placement interest rates

Consolidated Finance Costs

	2015	2016	Variance	Remarks
Coal	130	228	76%	Interest rates are higher in 2016 vs 2015
SCPC	147	90	-39%	PHP1.73 billion from PHP2.30 billion in 2015. Also, a portion of its higher priced long-term loan was converted to cheaper short-term loan.
SLPGC	1	280	21331%	Since SLPGC is already on commercial operations in 2016, interest expense is no longer capitalized, unlike in 2015.
Total	278	599	115%	Higher interest expense of coal and recognition of interest expense of SLPGC offset drop in finance cost of SCPC

Consolidated FOREX Gains / (Losses)

	2015	2016	Variance	Remarks
Coal	(328)	(347)	6%	Result of the valuation of USD denominated loans and foreign currency denominated transactions.
SCPC	30	(52)	-272%	Loss on foreign currency denominated transactions.
SLPGC	(3)	(4)	48%	Loss on foreign currency denominated transactions.
Total	(300)	(403)	34%	Weaker PHP vs USD in 2016

Consolidated Other Income

	2015	2016	Variance	Remarks
Coal	248	169	-32%	of one-time insurance recoveries and gain from asset disposal totaling PHP136.55million.
SCPC	125	123	-2%	Unit 2 was down in Q1 2016, hence less fly ash is sold as cement additive.
SLPGC	67	645	861%	Power sold during plant commissioning.
Others		2		Other income of pre-operating subsidiary
Total	441	938	113%	Higher SLPGC other income due to better performance of plants while on commissioning in 2016 vs 2015

Consolidated NIBT

	2015	2016	Variance	Remarks
Coal	2,871	5,476	91%	Higher coal sales pushed profitability up in
SCPC	6,713	3,537	-47%	More downtimes resulted to less energy generation, thus decreased profitability in
SLPGC	90	3,890	4245%	Better plant performance in 2016 translated to improved profits during the year.
Others	(5)	2	-135%	Net expenses of pre-operating subsidiaries
Total	9,669	12,904	33%	Higher coal and SLPGS profitability offset drop in SCPC earnings

Consolidated Income Tax Provision

	2015	2016	Variance	Remarks
Coal	(38)	58	-254%	Minimal coal tax provision is due to the Income tax holiday it enjoys as a BOI-registered company. The increase over last year is due to recognition of deferred tax liabilities
SCPC	1,217	640	-47%	Drop in SCPC's tax provision is a result of drop in profitability in 2016.
SLPGC	4	165	4424%	Minimal SLPGC tax provision is due to the Income tax holiday it enjoys as a BOI-registered company. The increase over last year is due to income taxes paid on BCQ sales from Spot Purchases
Total	1,182	863	-27%	Coal and SLPGC still has ITH, while only SCPC is in tax position. The decline is due to SCPC's lower provisioning in 2016.

NIAT
Before Eliminations (Core Income)

	2015	2016	Variance	Remarks
Coal	5,255	7,495	43%	Growth in income is due to higher coal sales volume.
SCPC	3,282	1,418	-57%	More plant downtimes translated to lower revenues and lower profitability in 2016. Average price/KWh is also slightly lower, while cost of sales/KWh is 32% higher.
SLPGC	40	3,218	7871%	Higher energy sales, further augmented by 46% better average price/KWh of power sold boosted profitability. SLPGC also enjoys ITH

After Eliminations (Consolidated)

	2015	2016	Variance	Remarks
Coal	2,909	5,417	86%	Growth in income is due to higher coal sales volume. Revenues from coal sold to own power units is eliminated.
SCPC	5,497	3,347	-39%	More plant downtimes translated to lower revenues and lower profitability in 2016.
SLPGC	86	3,275	3713%	Higher energy sales, further augmented by 46% better average price/KWh of power sold boosted profitability. SLPGC also enjoys ITH
Others	(5)	2	-142%	Net expenses of pre-operating subsidiaries
Total	8,487	12,041	42%	Higher coal and SLPGC profitability offsets drop in SCPC earnings
EPS	7.94	11.28	42%	2016 outstanding shares is net of 3.46 million shares held in treasury.

Other Comprehensive Income/Loss is related to remeasurement gain/(losses) on pension plan, net of income tax effect in the amount of P7.11 million gain and P17.04 million loss in 2016 and 2015, respectively. Total Comprehensive Income resulted to P12.05 billion for 2016 from P8.69 billion in 2015.

B. Solvency and Liquidity

Internal cash generation for this year amounted to PHP16.42 billion. Consolidated loan availments amounted to PHP10.82 billion, broken down as follows: coal's medium-term loan fund maintenance CAPEX amounting to PHP4.62 billion, coal short-term working capital loans of PHP2.10 billion and SCPC's short-term loans (working capital and partial conversion of long-term to short-term loan) of PHP4.1 billion. SCPC recognize the release of the Sinking Fund of PHP0.4 billion due to the full payment of the OLSA. Combined with beginning Cash of PHP4.75 billion, total consolidated Cash available during the period stood at PHP32.00 billion.

Of the available cash, PHP6.69 billion was used in investing activities. These include major CAPEX of PHP5.30 billion, Exploration and Mine Development of PHP1.93 billion, Investment in Joint Venture of PHP52.38 million net of the proceed from release of the Sinking Fund amounting to PHP391.52 million. We paid debts amounting to PHP13.48 billion. The Company also paid cash dividends amounting to PHP4.3 billion in Q2. After presented with a good investment opportunity when SCC stock prices fell in Q3, the board was prompted to approve a shares buyback program; 3.46 million shares worth PHP387.55 million are currently held in treasury, with an average price of PHP111.60/share. Ending cash closed at PHP7.0 billion, 47% higher than beginning balance.

Coal, SCPC, and SLPGC recorded ending cash of PHP4.30 billion, PHP659 million, and PHP2.01 billion, respectively. Other pre-operating business closed with a total cash balance of PHP26 million.

Strong operations allowed the Company to beef up cash despite spending for CAPEX that increased coal mining capacity from 8 to 12 million tons and providing proper maintenance to the power plants, as well as decreasing debt levels, while maintaining a strong dividend payout.

Consolidated Current ratio improved to 1.35x from 0.97 as at the start of the year.

C. Financial Condition

ASSETS

Cash				
	2015	2016	Variance	Remarks
Coal	2,640	4,298	63%	Stronger sales resulted to higher cash generation
SCPC	881	659	-25%	Weaker profits redound to lower cash
SLPGC	1,202	2,010	67%	Power plants perform better in 2016, commercial operations declared on 26 August
Others	23	26	14%	Cash balances of pre-operating subsidiary
Total	4,746	6,993	47%	Good performance of coal and SLPGC boosted consolidated cash position in 2016

Consolidated Receivables				
	2015	2016	Variance	Remarks
Coal	1,345	2,451	82%	Mainly trade-related; increase due to higher volume sold in 2016.
SCPC	1,190	1,984	67%	Higher energy sold during the month of December 2016 compared to same month in 2015, due only one plant was operational and the average load of the other is lower
SLPGC	246	1,251	409%	Mainly trade-related; increase due to higher sales in 2016.
Total	2,781	5,686	104%	receivables. Receivables is inclusive of due from related parties amounting to Php69 million in 2015 and Php389 million in 2016, representing shared charges, transfer of materials and services.

Consolidated Inventories

	2015	2016	Variance	Remarks
Coal	2,589	2,960	14%	2016 inventory is comprised of cost of ending coal inventory of PHP1.57 billion and materials spare parts, fuel, and supplies amounting to PHP1.39 billion
SCPC	1,616	1,930	19%	Spare parts inventory for corrective, preventive and predictive maintenance program
SLPGC	178	497	179%	Spare parts inventory for corrective, preventive and predictive maintenance program (Php 284 million) and other chemicals (Php 10 million) and coal inventory on hand at cost
Total	4,383	5,386	23%	Coal increased production, correspondingly increasing material & parts required inventory; SCPC preparing for life extension; SLPGC already on commercial operations and plants are performing at higher capacity, thus requiring corresponding increase in inventory

Investment in JV

	2015	2016	Variance	Remarks
Coal	-	52	0%	The company entered in to a JV with Meralco PowerGen Corp. in 2015. SMPC loss control on May 2016

Investment in Sinking Fund

	2015	2016	Variance	Remarks
SCPC	460	69	-85%	The decrease is due to the release of the sinking fund

Consolidated Other Current Assets

	2015	2016	Variance	Remarks
Coal	759	625	-18%	2016 mainly comprised of prepaid income taxes and advances to contractors and suppliers of spare parts and equipment amounting to Php186.15 million and Php434.77 million, respectively.
SCPC	353	368	4%	2016 mainly accounted for advances to suppliers, rentals, insurance and other expenses
SLPGC	1,611	1,974	23%	Principally VAT input taxes currently recoverable amounting to Php 1,635 million and Advances and prepayment to suppliers amounting to Php339.16 million .
Total	2,723	2,968	9%	

Consolidated Total Current Assets

	2015	2016	Variance	Remarks
Coal	7,333	10,387	42%	please see explanation above
SCPC	4,501	5,009	11%	please see explanation above
SLPGC	3,236	5,732	77%	please see explanation above
Others	23	26	15%	please see explanation above
Total	15,093	21,154	40%	

Consolidated PPE

	2015	2016	Variance	Remarks
Coal	4,265	10,221	140%	Additional CAPEX purchased to support in mining capacity and the capitalization of the deferred mine pre-stripping costs
SCPC	14,860	14,925	0%	Capitalized repair of power net of depreciation
SLPGC	17,446	18,207	4%	Additional percent completion of 2x150MW and variation orders
Others	172		-100%	PPE of Joint Venture Company, Loss control on May 2016
Total	36,743	43,352	18%	Increase in PPE mainly caused by increased coal PPE

Consolidated Other Non-Current Assets

	2015	2016	Variance	Remarks
Coal	190	195	2%	Principally the VAT erroneously withheld by NPC
SCPC	214	249	16%	Unrealized input tax
SLPGC	1,217	136	-89%	Reclass of Unrealized input tax to current as it becomes realizable when the project achieved commercial operation in 2016
Others	149	156	5%	Claystone research and development costs
Total	1,771	735	-58%	

Exploration and Evaluation Asset

	2015	2016	Variance	Remarks
Coal	3,015	-	0%	Narra & Molave mines are already operational in 2016, hence exploration costs are already capitalized under PPE

Consolidated Deferred Tax Assets

	2015	2016	Variance	Remarks
Coal	110	54	-51%	Decrease mainly due to the recovery of uncollectible accounts and impairment losses
SCPC	423	465	10%	Represents full provisioning on spot sales in 2013 with issues on pricing
SLPGC	2	-	-100%	Utilized in Q1 tax payable
Others	0	1	2%	
Total	536	519	-3%	

Consolidated Total Non-Current Assets

	2015	2016	Variance	Remarks
Coal	7,581	10,469	38%	Increase in PPE and Exploration and Evaluation Asset
SCPC	15,958	15,639	-2%	
SLPGC	18,665	18,341	-2%	
Others	321	156	-51%	Non-current assets of pre-operating
Total	42,525	44,606	5%	

Consolidated Assets

	2015	2016	Variance	Remarks
Coal	14,913	20,862	40%	Robust sales increased cash and receivables; increased capacity increased inventory & PPE
SCPC	19,998	20,649	3%	
SLPGC	21,902	24,073	10%	Higher sales boosted cash and receivables, while inventory significantly increased due to additional coal and spare parts
Others	344	177	-49%	Non-current assets of pre-operating
Total	57,157	65,760	15%	Operating segments' asset base further strengthened in 2016

LIABILITIES

Accounts and Other Payables

	2015	2016	Variance	Remarks
Coal	4,464	7,859	76%	Increase in royalty by P650M; increase in expenditures due to the development and preparation of 2 new mines (Narra and Molave) which accelerated the expenses in H2 to meet commercial operation target by start of Q4; also working capital requirements increased due to higher capacity from 8M MT in 2015 to 12M MT in 2016
SCPC	1,709	2,365	38%	Due increase in materials and parts purchased for the Unit 1 planned outages
SLPGC	1,007	1,997	98%	procurement of additional materials and parts for redundancies outside the EPC contract
Others	192	0	-100%	Joint venture accounts payable; loss control on May 2016
Total	7,372	12,221	66%	Inclusive of due to affiliated companies which increased by 43% to Php2.98 billion from PHP2.08 billion in 2015. This accounted for supply of materials, services, construction and management contract with affiliated companies.

Short-term Loans

	2015	2016	Variance	Remarks
Coal	2,993		-100%	Converted to medium term loan (3 yrs)
SCPC		1,600	0%	Due to refinancing of LTD with short-term loans to save interest cost
Total	2,993	1,600	-47%	

Current Portion of Long-term Debt

	2015	2016	Variance	Remarks
Coal	1,967		-100%	No loan maturing in 12 months
SCPC	1,530	128	-92%	Debt servicing of project loan
SLPGC	1,694	1,704	1%	
Total	5,191	1,832	-65%	

Total Current Liabilities

	2015	2016	Variance	Remarks
Coal	9,424	7,859	-17%	Total Current Liabilities posted a decrease as the increase in A/P and Other Payables and conversion of short term loan to LTD and debt servicing of LTD maturities
SCPC	3,239	4,093	26%	Due to advance procurement of materials, parts for Unit 1 planned outage
SLPGC	2,700	3,700	37%	comprise mainly additional procurement of materials and parts for redundancies outside the EPC
Others	192	0	-100%	Joint venture accounts payable; loss control on May 2016
Total	15,555	15,653	1%	

Long-Term Debt - Net of Current Portion

	2015	2016	Variance	Remarks
Coal	1,249	5,618	350%	Increase due to financing of CAPEX to increase mining capacity
SCPC	767		-100%	Reclass to current portion of Long-term loan; maturity is in 2017
SLPGC	9,344	7,640	-18%	Continuous amortization of project finance loan brought down its balance
Total	11,360	13,258	17%	Increase in coal long-term debts is partly offset by drop in SCPC and SLPGC long-term debt balances

Pension Liability

	2015	2016	Variance	Remarks
Coal	72	68	-6%	Due to adjustment on remeasurement losses
SCPC	15	27	81%	Due to adjustment on remeasurement losses
SLPGC		19		First year of pension liability set-up
Total	87	114	31%	

Provision for Site Rehabilitation

	2015	2016	Variance	Remarks
Coal	501	1,593	218%	Increase due to change in mine rehabilitation plan relative to the 3 mine sites
SCPC	13	14	9%	
Total	514	1,606	213%	

Other Long-Term Liabilities

	2015	2016	Variance	Remarks
Coal	1,217		-100%	Long-term trade payables already settled during the year
SLPGC	1,522	843	-45%	Long-term retention payable related to the construction of the 2 X 150 MW power plant
Total	2,740	843	-69%	

Total Non-Current Liabilities

	2015	2016	Variance	Remarks
Coal	3,040	7,278	139%	Due to additional loan availment for the PPE includes ARO and Pension Liability; 2015 higher due to balance of LTD
SCPC	795	41	-95%	
SLPGC	10,865	8,502	-22%	maturing and amortization of the long-term debt and long-term retention payables
Total	14,700	15,822	8%	

EQUITY

	2015	2016	Variance	Remarks
Capital Stock	1,069	1,069	0%	No changes. Par value at Php1 / share
Additional Paid-in Capital	6,676	6,676	0%	No changes.
Treasury Shares	-	388	0%	Purchase of 3.46 million SCC shares
Remeasurement gain/(losses) on pension plan	(31)	(23)	-23%	Accumulated gain/losses on pension fund net of tax effect
Retained Earnings	19,187	26,953	-	
- Appropriated	5,300	7,800	47%	Additional appropriation for power expansion and other investment
- Unappropriated	13,887	19,153		Growth fueled by robust coal and SLPGC earnings in 2016
Coal	5,337	8,739	64%	Strong 2016 profitability resulted to increase in retained earnings
SCPC	8,549	7,181	-16%	Weaker profits in 2016; retained earning dropped after declaration and payment of cash dividends
SLPGC	9	3,238	36547%	Power units already in commercial operations; strong 2016 earnings
Others	(8)	(6)	-23%	Losses of pre-operating subsidiaries
Total	26,901	34,674	29%	

VI. PERFORMANCE INDICATORS:

1. **Net Income After Tax** – 2016 results the strongest the Company has ever reported. Consolidated Net Income is record high at Php12.05 billion, up by 42% from last year's Php8.49 billion.
2. **Dividend Payout** – Strong profitability and high liquidity enables the Company to continue paying generous dividends. Payout ratio is 63%, vis-à-vis the Company's policy of at least 20%.
3. **Debt-to-Equity Ratio** – Leverage is further brought down by decreasing debt levels. Total interest-bearing loans dropped to PHP16.69 billion from beginning balance of PHP19.55 billion. DE improved to 0.91x from 1.12x as at the start of the year.
4. **Net Profit Margin** – Net profit margin remains strong at 33% with high earnings from the coal business and significant contribution by the new SLPGC 1x150MW plants.
5. **Current Ratio** – Short-term debts are managed amidst rising interest rates. Meanwhile, healthy cash levels boosted Current Assets. Current ratio improved to 1.35 in 2016 from .97 at the start of the year. The Company set an internal current ratio threshold of at least 1.00.

VII. OTHER INFORMATION:

1. There were no known trends, events or uncertainties that have material impact on liquidity.
2. The Corporation (SMPC) provides interim corporate suretyship in favor of the lenders of SCPC for its PHP9.6 billion 7-year loan availed on 26 May 2010. The security may however be suspended within the term of the loan when the conditions set forth in the loan contract are met. SCPC started to amortize the loan in 2011; as at end of this year outstanding balance decreased to PHP128.00 million. Also, the corporation provides interim corporate suretyship in favor of the lenders of SLPGC for the project debt facility amounting to P11.5 billion that financed the 2x150MW power plant expansion at Calaca, Batangas. It started amortizing the loan in 2015; as at end on this year outstanding balance decreased to PHP9.37 billion.
3. There are no material off-balance sheet transactions, arrangements, obligations, and other relationships of the Corporation with unconsolidated entities or other persons created during the reporting period.
4. The Corporation committed to purchase mining and support equipment totalling USD106.97 million for the refueling of old mining equipment and for the increase in capacity to 14 million MT annually. Also, it allocated USD23.00 million for Coal handling, Safety, Training and other support and equipment. Meanwhile, SCPC started its life extension program in latter part 2016. This is a 3-year program that aims to increase the generation capacity of SCPC's Unit 1 by 50 MW to 70 MW using local coal. The program also extends the life of SCPC power units by around 20 years.

On April 26, 2016, SRPGC signed a Power Sales Agreement for 400 MW of its output with Manila Electric Company (Meralco) subject to ERC approval. The Company is still waiting for ERC approval of the PSA as at December 31, 2016. On April 27, 2016, MERALCO PowerGen Corporation (MGen), a wholly owned subsidiary of Meralco, entered into a Joint Venture Agreement (JVA) with SMPC to acquire 50% of the SRPGC's capital stock. As at December 31, 2016, SRPGC is equally owned by SMPC and MGen.

5. For 2016, we expect an increase in the demand for Semirara Coal in the domestic market with the commissioning of new power plants and small boilers that can utilize 100% Semirara coal. This trend is expected to continue in the succeeding years as a result of the competitiveness of Semirara Coal over imported coal.
6. There are no significant elements of income or loss from continuing operations.
7. There were no subsequent events that came to our knowledge, which are material enough to warrant an adjustment in the consolidated financial statements.
8. The Group's operation is not cyclical or seasonal in nature. Mining activities is continuous throughout the year as coal production output from period to period can be adjusted through efficient mine planning on both short-term and long-term, mitigating negative impact of the rainy season to mine operations. The power generation business is also operational throughout the year as maintenance shutdown is just part of normal operation of the plant and programmed ahead of time.
9. On 12 February 2016, the Department of Environment and Natural Resources approved the Company's application to increase maximum mineable capacity from 8 million MTs to 12 million MTs then it was increased to 16 million MTs on 29 April 2016 anticipating the start Molave mine project.
10. On 24 February 2016, the Board of Investments (BOI) approved the Company's application for registration for its Molave mine. As a BOI-registered enterprise, the Company is entitled to benefits like Income Tax Holiday.

Full Years 2014-2015

I. PRODUCTION – COMPARATIVE REPORT 2015 vs 2014

Coal

Coal production dropped 1% YoY to 7.98 million metric tons (MTs) from 8.08 million MTs in 2014, with strip ratio registering at 10.39:1, improved by 15% from last year's 12.26:1.

The company voluntarily suspended its operation immediately following a slide in the northern edge of Panian mine on 17 July before the receipt of the Department of Energy (DOE) suspension order later in the day. The Department of Environment and Natural Resources (DENR), on the other hand, issued a Cease and Desist Order on 21 July. Nine of the company's personnel perished, while five dump trucks, one excavator and one-wheel dozer were damaged in the accident. The suspension orders were lifted after thorough investigation showed that the Company has complied with the strengthened mining safety protocols recommended by the DOE and experts. DENR lifted its suspension on 10 August, while DOE rescinded their suspension order on 18 September.

Due to the temporary halt in operations, total materials moved decreased 14% YoY to 88.62 million bank cubic meters (bcm) from 103.30 million bcm in 2014. This volume is inclusive of 6.7 million bcm of materials unloaded as additional safety measure in compliance with the new pit slope safety parameters recommended by DOE and the safety consultants engaged by the Company after the slide.

Safety equipment and personnel were augmented to intensify mine safety efforts. Two units of Slope Stability Radar (SSR) systems were acquired to complement the existing Robotic Total Station for real time, 24-hour slope movement monitoring. The SSR is a state-of-the-art technology for monitoring mine walls and general slopes and is now a generally-accepted tool for high-risk slope management.

Mine safety protocol was also revised and improved with the hiring of a full time geotechnical consultant and additional safety personnel. Safety training hours during the year constituted 70% or 26,898 out of the 38,576 training hours.

Coal sales volume dropped by 5% YoY at 8.43 million MTs from 8.89 million MTs in 2014. Lower sales resulted to higher ending inventory at 829 thousand MTs, 115% higher than last year's 386 thousand MTs.

The table below shows the comparative production data for FY 2015 and 2014.

COMPARATIVE PRODUCTION DATA											
<i>(in '000, except Strip Ratio)</i>											
	Q1 '15	Q2 '15	Q3 '15	Q4 '15	FY '15	Q1 '14	Q2 '14	Q3 '14	Q4 '14	FY '14	% Inc (Dec)
Total Materials (bcm)	26,284	27,800	9,529	25,005	88,618	28,135	26,385	22,745	26,032	103,297	-14%
Gross Product Coal (MT)	2,325	2,134	1,113	2,408	7,979	2,353	2,513	2,145	950	7,961	0%
Strip Ratio	10.59:1	12.31:1	7.85:1	9.67:1	10.39:1	10.69:1	9.20:1	9.09:1	24.60:1	12.26:1	-15%
Net TPC (MT)	2,302	2,112	1,182	2,384	7,980	2,329	2,488	2,123	1,144	8,084	-1%
Beg. Inventory (MTs)	386	317	634	748	386	1,277	1,279	1,623	1,966	1,277	-70%
End Inventory (MTs)	317	634	748	829	829	1,279	1,623	1,966	386	386	115%

SCPC

Both power units were operating reliably in 2015, registering record high gross generation which increased 39% YoY at 3,959 GWh from 2,840 GWh last year. The significantly lower generation in 2014 was due to the prolonged shut down for maintenance and installation of the new Distribution Control System (DCS) of Unit 2 last year which lasted to around six months.

Unit One

Gross generation of Unit 1 increased 7% YoY to 1,819 GWh from 1,698 GWh generation last year. Average capacity decreased this year to 228 MW from 230 MW in 2014. High grade coal from Semirara improved the capacity of the plant in the first half of the year, however average capacity slightly dropped to 202 MW in second half of the year due to the slugging/fouling observed in the unit. Capacity factor is also up at 69% as of the end of current year, as against 65% last year.

Availability of the plant increased 8% YoY to 91% this year from 84% in 2014. Unplanned outages significantly dropped by 68% YoY to 429 hours from 1,335 hours last year when the plant incurred more downtimes in April and June for tube leaks repairs.

Unit Two

Gross generation of Unit 2 surged 87% YoY to 2,140 GWh from 1,141 GWh last year as availability and average capacity registered record high. Conversely, generation in 2014 was low as the planned outage, mainly to give way for the installation of a new Distribution Control System (DCS) was prolonged. The commissioning of the plant was delayed and it only started to synchronize to the grid on 13 June as problems on the installation and fine tuning of the DCS were encountered. The unit only stabilized in the second half of the year, with dependable capacity reaching its rated capacity of 300 MW. Average capacity improved to 291 MW this year from 259 MW last year. Capacity factor also improved, registering at 81% this year from only 43% in 2014.

Availability of the plant increased to 84% in the current period from only 50% last year. Unplanned outages this year registered at 673 hours.

The table below shows the comparative production data for 2015 and 2014.

COMPARATIVE PLANT PERFORMANCE DATA											
CUSTOMER	Q1 '15	Q2 '15	Q3 '15	Q4 '15	FY '15	Q1 '14	Q2 '14	Q3 '14	Q4 '14	FY '14	% Inc (Dec)
Gross Generation, GWh											
Unit 1	456	495	450	419	1,819	455	327	428	489	1,698	7%
Unit 2	558	656	549	376	2,140	33	77	428	603	1,141	87%
Total Plant	1,014	1,151	998	795	3,959	489	404	855	1,092	2,840	39%
% Availability											
Unit 1	77%	91%	96%	100%	91%	89%	63%	85%	100%	84%	8%
Unit 2	91%	100%	85%	60%	84%	6%	20%	76%	98%	50%	67%
Total Plant	84%	96%	90%	80%	87%	48%	41%	81%	99%	67%	30%
Capacity Factor											
Unit 1	70%	75%	68%	64%	69%	70%	49%	65%	75%	65%	7%
Unit 2	86%	99%	83%	57%	81%	5%	12%	65%	92%	43%	87%
Total Plant	78%	87%	75%	61%	75%	38%	30%	65%	83%	54%	39%

SLPGC

The 2 x 150 MW power plants started testing and commissioning in 2015. The first and second units were synchronized to the grid on 7 July and 16 August, respectively.

While on testing and commissioning, both units generated a total of 211 GWh. Although, the two units reached their maximum capacity of 150MW in September and December, respectively, this was not sustained, thus both units are still on commissioning and have not been officially declared commercial operations and achieved TOC (Turn-over Certificate) or final acceptance.

II. MARKETING – COMPARATIVE REPORT YTD 2015 vs. YTD 2014

Coal

Coal sales declined 5% YoY to 8.43 million MTs from 8.89 million MTs in 2014.

Sales to local customers increased 46% YoY to 5.32 million MTs from 3.64 million MTs in 2014, while export sales dropped by 41% YoY to 3.11 million MTs from 5.25 million MTs last year.

Power plant sales took up the biggest market share this year of 47% at 3.93 million MTs, up by 68% YoY from only 2.34 million MTs of coal sold to power plants in 2014. Deliveries to Calaca surged by 78% YoY to 2.70 million MTs from 1.51 million MTs last year as power Units 1 and 2 are operating with minimal downtime in the current period as compared to the previous year. Sales to other power plants likewise increased significantly by 50% YoY to 1.24 million MTs from 825 thousand MTs last year. The growth mainly came from additional capacities and increase in the plants' usage ratio between Semirara coal and imported coal.

Cement companies also increased their volume by 17% YoY to 1.03 million MTs from 875.04 thousand last year due to higher demand for cement this year for infrastructure projects as well as increase in blend ratio of Semirara coal against imported coal. Cement industry's market share rose from 10% last year to 12% of total sales this year.

On the contrary sales to other industrial plants decreased by 16% YoY to 362 thousand MTs from 432 thousand MTs last year with lesser off-take by some customers.

Market share of export sales dropped to 37% from 59% last year. Domestic demand was significantly lower last year as Calaca Unit 2 was on protracted shutdown, hence more coal was available for export. Moreover, local deliveries were given priority over existing inventory as export shipment were put on hold while the mining operations were suspended after the incident, in compliance with the directive issued by DOE.

Composite average FOB price per MT decreased 9% YoY to PHP1,943 from PHP2,127 last year as global coal prices continue to drop.

The table below shows the comparative sales volume data for 2015 and 2014.

CUSTOMER	Q1 '15	Q2 '15	Q3 '15	Q4 '15	FY '15	%	Q1 '14	Q2 '14	Q3 '14	Q4 '14	FY '14	%	% Inc (Dec)
Power Plants													
Calaca	666	626	661	743	2,696	32%	334	238	377	562	1,510	17%	78%
Other PPs	313	307	306	312	1,237	15%	165	175	243	242	825	9%	50%
TOTAL PPs	980	932	966	1,055	3,933	47%	499	413	620	804	2,336	26%	68%
Other Industries													
Cement	278	246	278	224	1,027	12%	242	219	178	236	875	10%	17%
Others	93	114	91	65	362	4%	106	85	114	127	432	5%	-16%
Total Others	371	360	369	289	1,389	16%	348	304	292	363	1,307	15%	6%
TOTAL LOCAL	1,351	1,292	1,336	1,344	5,323	63%	847	716	912	1,167	3,643	41%	46%
EXPORT	1,054	534	562	956	3,105	37%	1,462	1,407	846	1,531	5,246	59%	-41%
GRAND TOTAL	2,404	1,826	1,898	2,300	8,428	100%	2,309	2,124	1,758	2,698	8,889	100%	-5%

POWER

SCPC's sales increased 11% YoY to 3,754 GWh from 3,383 GWh last year as both power plants are fully operational this year. The lower energy generation last year is a result of the prolonged testing and commissioning of the DCS for Unit 2 and higher forced outage for Unit 1.

Of the total energy sold, 95% or 3,581 GWh were sold to bilateral contracts and the remaining 5% to the spot market.

MERALCO remained to be the single biggest customer, accounting for 82% of the total energy sales of the bilateral contracts; BATELEC I and Trans-Asia comprised 5% and 8%, respectively.

Spot Market Sales is higher by 226% YoY at 173 GWh against 53 GWh last year.

Of the total energy sold, 99.4% was sourced from own generation, while only 0.6% was purchased from the spot market. SCPC procured power from the spot market during hour intervals where power units were down, or when the plants were running at de-rated capacities, in order to be able to supply committed capacity to some of its customers.

Average price for bilateral contracts dropped 6% YoY to PHP3.33/KWh in the current year from PHP3.55/KWh last year. The contracts index Newcastle prices has been declining in the current semester against last year.

The table below shows the comparative marketing data for 2015 and 2014.

COMPARATIVE PLANT PERFORMANCE DATA											
<i>(in GWh ; PHP)</i>											
CUSTOMER	Q1 '14	Q2 '14	Q3 '14	Q4 '14	FY '14	Q1 '14	Q2 '14	Q3 '14	Q4 '14	FY '14	%Inc (Dec)
Bilateral Contracts	902	1,031	937	710	3,581	413	886	966	1,065	3,330	8%
Spot Sales	80	65	20	8	173	11	-	15	27	53	226%
Grand Total	982	1,096	957	719	3,754	425	886	981	1,091	3,383	11%
Composite Ave. Price	3.56	3.37	3.30	3.40	3.41	4.40	3.73	3.50	3.40	3.64	-6%

SLPGC

While on testing and commissioning, SLPGC sold the power generated by both plants to the spot market. As the two units were expected to be commercially available by second half of 2015, power supply contracts were already negotiated to put them in place just in time for its commercial operation. The delay of the commissioning prompted the company to serve a replacement power contract out of the generated power while still on commissioning, through a non-firm supply contract.

Total energy sold recorded at 209 GWh at an average composite price of PHP3.51/KWh.

The Company already secured supply contracts during the period with three customers totaling to 222 MWs. The contract terms range between two to five years.

III. FINANCE

A. Sales and Profitability

Consolidated Revenues, net of eliminating entries, dropped 14% YoY at PHP24.68 billion in 2015 from PHP28.59 billion in the previous year. Before eliminations, Coal Revenues decreased 28% YoY at PHP16.37 billion from PHP18.91 billion last year. The decrease is due to lower sales volume by 5% and decline in composite average price to PHP1,943 from PHP2,127 last year. On the contrary, higher energy sales pushed SCPC Revenues up by 5% YoY at PHP 12.80 billion from PHP12.31 billion despite lower average price per KWh at PHP3.41 against PHP3.64/KWh last year. The pre-operating Southwest Luzon Power Generation Corp. (SLPGC), a wholly-owned subsidiary of the Company incorporated to expand its power capacity with the construction of 2 x 150 MW power plants generated Revenues of PHP110.09 million this year while on testing and commissioning.

Consolidated Cost of Sales dropped 44% YoY to PH10.54 billion from PHP18.93 billion last year. Depreciation dropped 12% YoY to PHP1.74 billion from PHP1.98 billion last year.

Before eliminations, coal Cost of Sales decreased 29% YoY to PHP8.63 billion from PHP12.23 billion last year. This is due to lower strip ratio, the decline in volume sold combined with lower shipping costs and drop in oil prices. Cost of coal sold per MT reduced by 29% YoY at PHP1,062 from PHP1,376 last year. Coal depreciation decreased 39% YoY to PHP702.59 million from PHP1,154.69 million last year.

SCPC's Cost of Sales before elimination decreased 32% YoY to PHP6.35 billion from PHP9.35 billion; and 52% YoY after elimination to PHP4.13 billion from PHP8.70 billion last year. The Company was exposed to higher cost of replacement power in 2014 and incurred net loss of PHP2.1 billion from replacement power, when the plants used up the allowable downtime provided by the terms of the power supply contracts. Since both power units are operating reliably this year, costs are kept at their normal levels. Cost of Sales per Kwh is 38% lower YoY at PHP1.69 from PHP2.75 last year. SCPC's depreciation increased 10% YoY at PHP1.02 billion from PHP0.93 billion last year.

The resulting consolidated Gross Profit increased 47% YoY to PHP14.14 billion, with coal, SCPC and SLPGC each contributing PHP5.39 billion, PHP8.66 billion and PHP108.96 million, respectively. Last year's consolidated Gross Profit stood at PHP9.66 billion, PHP5.28 billion from coal and PHP1.59 billion from SCPC. Consolidated Gross profit margin rose to 57% from 34% last year.

Consolidated Operating Expenses (OPEX) increased by 36% YoY to PHP4.39 billion from PHP3.22 billion. Net of eliminating entries, the coal segment's OPEX increased 3% YoY to PHP2.32 billion from PHP2.27 billion last year. This mainly accounts for the tax assessment for year 2010 and 2011 totalling to PHP81.70. Meanwhile, SCPC's OPEX after elimination, which is mainly comprised of management fees and taxes and licenses, increased by 113% YoY to PHP1.98 billion from PHP926.36 million last year mainly due to full provision for allowance for the questioned PEMC receivables on electricity sold on spot last November and December 2013 amounting to P896.14 million. SLPGC incurred PHP91.37 million in OPEX, 132% up from 2014 OPEX of PHP39.33 million, representing non-capitalizable expenses recorded during each respective period. Other pre-operating subsidiaries incurred combined OPEX of PHP4.56 million.

Consolidated Forex Losses stood at PHP300.06 million, almost five times higher YoY from PHP52.14 million last year due to unrealized valuation losses. The peso is weaker this year, closing at USD1: PHP47.06, as against USD1: PHP44.72 as at end of 2014. Coal recorded Forex losses of PHP327.98 million as against PHP61.85 million last year as a result of the valuation of its USD denominated loans and foreign currency denominated transactions. SCPC meanwhile recorded gains this year of PHP 30.47 million versus losses of PHP14.45 million last year on its foreign currency denominated transactions. SLPGC also incurred FOREX losses of PHP2.55 million in the current period, as against gains of PHP24.15 million last year.

Higher cash levels offset lower placement interest rates, resulting to 39% increase YoY on consolidated Finance Income to PHP57.56 million from PHP41.45 million last year. Coal, SCPC and SLPGC earned PHP22.52 million, PHP16.56 million and PHP18.18 million Finance Income, respectively.

Consolidated Finance Costs dropped 14% YoY to PHP278.19 million from PHP323.23 million last year due to continuous repayment of loans. The Company only started accumulating loans again in the second half of 2015.

Coal's interest-bearing loans rose 20% YoY to PHP6.21 billion from PHP5.15 billion last year, resulting to a 8% increase YoY in Finance Cost to PHP129.65 million from PHP119.94 million last year. Meanwhile, after servicing its long-term loan and paying off its short-term loans, SCPC's interest-bearing loans declined 62% YoY to PHP2.30 billion from PHP3.82 billion last year; its Finance Cost decreased 26% YoY to PHP147.23 million from PHP197.73 million last. The benchmark of SCPC's long-term loan is changed to PDST-R2 from PDST-F, while margin is increased from 100bps to 120bps. On the contrary, SLPGC's loans increased 14% YoY to PHP11.50 billion from PHP10.09 billion last year, but Finance Cost dropped 66% to PHP1.78 million from PHP5.26 million last year due to capitalization of interest expenses.

Consolidated Other Income increased 114% YoY to PHP440.68 million from PHP205.49 million last year. The coal segment's Other Income in the current period rose 170% to PHP248.34 million from PHP92.01 million last year; this mainly accounted for insurance recoveries and gain on sale of miscellaneous assets. SCPC's Other Income likewise increased 10% YoY to PHP125.19 million from PHP113.48 million last year. Both power units are operating regularly this year, unlike last year, thus producing more fly ash that is marketed as cement additive. SLPGC also recorded other income of PHP58.33 million representing power sold during plant commissioning.

The resulting consolidated Net Income Before Tax (NIBT) increased 53% YoY to PHP9.67 billion from PHP6.31 billion in 2014.

Consolidated Provision for Income Tax surged to PHP1.18 billion from net deferred tax of PHP552.87 million last year. Coal continues to enjoy Income Tax Holiday (ITH) as a Board of Investments-registered company, while SCPC is now in a tax position. As a result, coal's tax provision remained minimal at PHP37.78 million, while SCPC recognized tax exposure of PHP1.22 billion in 2015. Notably however, SCPC has Deferred Tax Assets as at end 2014 amounting to PHP635.64 million to partially cover the tax liability in the current period. SLPGC recorded final income tax of PHP3.64 million.

The resulting consolidated Net Income After Tax (NIAT) increased 24% YoY to PHP8.47 billion from PHP6.85 billion last year. Net of eliminations, coal generated net income of PHP2.91 billion, while SCPC generated PHP5.50 billion. Pre-operating SLPGC recorded PHP85.89 million income after generating sales while on commissioning; last year it recorded non-capitalizable project expensed of PHP29.26 million. Before eliminations, coal and SCPC recorded NIAT of PHP6.75 billion and PHP3.32 billion, respectively. With higher outstanding shares after a 200% stock dividend declaration in Q3 last year, Earnings per Share (EPS) stood at PHP7.94, 23% more than same period last year's adjusted EPS of PHP6.42.

B. Solvency and Liquidity

Internal cash generation in the first nine months of operations this year amounted to PHP10.68 billion. Consolidated loan availments amounted to PHP9.88 billion, broken down as follows: coal's medium-term loan fund maintenance CAPEX amounting to PHP7.22 billion, SCPC's short-term working capital loans of PHP1.80 billion, and SLPGC's remaining project finance line of PHP1.01 billion. Coal received PHP76.46 million from sale of retired assets and SCPC receipt of the adjustment of the Sinking Fund of PHP61.55 million. Combined with beginning Cash of PHP3.68 billion, total consolidated Cash available during the period stood at PHP24.40 billion.

Of the available cash, PHP5.04 billion was used to fund major CAPEX and Exploration Assets, PHP2.52 billion, PHP1.0 billion, and PHP1.52 billion for coal, SCPC, and SLPGC, respectively.

Meanwhile, PHP10.01 billion was spent for debt repayments, PHP6.34 billion by coal and PHP3.76 billion by SCPC.

The Company declared and paid cash dividends during the period amounting to PHP4.28 billion.

Net increase in consolidated Cash during the period stood at PHP1.06 billion. Consolidated Ending Cash closed at PHP4.75 billion, posting a 29% growth from beginning balance of PHP3.68 billion. Coal, SCPC, and SLPGC recorded ending cash of PHP2.64 million, PHP881.39 billion, and PHP1.20 billion, respectively. Other pre-operating business closed the period with a total cash balance of PHP22.77 million.

Consolidated Current ratio slightly dipped to 0.97x from 1.05x as at the start of the year mainly due to more payables recorded related to the 2x150MW power project which is still under commissioning stage as of the close of the year.

C. Financial Condition

Consolidated Total Assets increased by 10% YoY at PHP57.16 billion, from PHP51.90 billion as at end 2014. After eliminations, Coal and SCPC's Total Assets closed at PHP14.91 billion and PHP19.20 billion, respectively. Pre-operating SLPGC, SBPG, SRPG, SCS, SEU, SCRC and SCIP recorded Total Assets of PHP21.90 billion, PHP3.19 million, PHP195.54 million, PHP131.41 million, PHP3.34 million, PHP7.64 million and PHP2.67 million, respectively.

Consolidated Current Assets closed at PHP15.09 billion, increasing by 18% from PHP12.77 billion at the start of the year. Coal, SCPC, SLPGC, and other pre-operating subsidiaries accounted for PHP7.33 billion, PHP4.50 billion, PHP3.24 billion, PHP 20.11 million, respectively.

Consolidated Cash and Cash Equivalents grew 29% YoY to PHP4.75 billion from PHP3.68 billion beginning balance. The Coal segment's cash increased 40% YoY to PHP2.64 billion from PHP1.89 billion as at the start of the year, despite additional equity infusion to SLPGC and dividend payout. Meanwhile, SCPC's strong income generation beefed up its cash position to more than double the beginning level at PHP881.39 million from PHP390.38 million beginning balance. Meanwhile, SLPGC's undisbursed cash from availment of project finance facility by the expansion project dropped to PHP1.20 billion from PHP1.38 billion as at the start of the year.

Consolidated Receivables dropped by 34% to PHP27.81 billion from PHP4.13 billion beginning balance. The coal segment's receivables of PHP1.35 billion is mainly trade related. Power receivables decreased 54% to PHP1.19 billion from PHP2.59 billion as at the start of the year. These mainly account for the provision for possible uncollectibility of the questioned spot sales in Q4 2013. Due to a wide gap in power demand and supply in the last two months of 2013, spot prices surged. While the Energy Regulatory Commission issued a resolution invalidating market prices on November and December 2013, and instead imposed administrative pricing, a case is still pending before the Supreme Court on the issue. The company is still waiting for further development of the case. SLPGC recorded PHP245.99 million in Trade Receivables for sales realized during plant commissioning.

Inclusive in the receivables is Due from Affiliated Companies, which increased 3% YoY to PHP68.83 billion from PHP67.15 billion as at end 2014.

Consolidated Net Inventories increased 57% to PHP4.38 billion from PHP2.79 billion as at the start of the year. The coal segment's ending inventory surged 82% to PHP2.59 billion from beginning balance of PHP1.42 billion. This is comprised of cost of ending coal inventory of PHP1.42 billion for 829 thousand MTs clean coal and 938 thousand MTs unwashed coal from 386 thousand MT beginning of the year and materials spare parts, fuel, and supplies amounting to PHP1.17 billion, net of valuation allowance of PHP66.15 million. Meanwhile SCPC's Inventory of PHP1.65 billion is mainly comprised of coal inventory and spare parts inventory for corrective, preventive and predictive maintenance program, as well as parts needed for the scheduled shutdown in the second half. SLPGC's inventory of PHP237.26 million is comprised mostly of tools and spare parts.

Consolidated Other Current Assets increased by 26% to PHP2.72 billion from PHP2.17 billion beginning balance. The coal segment's Other Current Assets of PHP759.43 billion is mainly comprised of advances to suppliers for importations and down payment for contracted services amounting to PHP318.51 million and prepaid income taxes of PHP436.39 million. On the other hand, SCPC's Other Current Assets of PHP353.36 million mainly accounted for advances to suppliers and prepaid expenses. SLPGC recorded Other Current Assets of PHP1.64 billion, accounted for advances to suppliers and VAT input taxes for Php820.20 million and Php790.48 million.

Investment in Sinking Fund decrease to PHP460.23 million from PHP521.78 million beginning balance. The decrease accounted for the adjustment made for the year on the sinking fund maintained by SCPC.

Consolidated Non-Current Assets increased 8% to PHP57.16 billion from PHP51.90 billion as at the start of the year. Coal, SCPC, SLPGC, SRPGC, and SCS accounted for PHP7.58 billion, PHP15.50 billion, PHP18.67 billion, PHP192.35 million and PHP128.52 million, respectively.

Consolidated net PPE slightly increased by 7% to PHP36.74 billion from PHP34.45 billion beginning balance due to accounting of additions, offset by depreciation. Coal, SCPC, SLPGC, and SRPGC accounted for net PPE of PHP4.39 billion, PHP14.86 billion, PHP17.45 billion, and PHP171.74 million respectively.

Consolidated Deferred Tax Assets dropped 24% to PHP535.54 million from PHP704.20 million beginning balance after applying Deferred Tax Assets of SCPC for losses incurred in purchase of replacement power to service bilateral power supply contracts in 2014 to income tax payable net of the additional Deferred Tax Assets for the additional provision for possible loss on receivable from PEMC. Coal, SCPC, SLPGC, SCS and SEU closed the period with Deferred Tax Assets of PHP109.97 million PHP423.02 million, PHP2.06 million, PHP62.95 thousand, and PHP139.17 thousand respectively.

Exploration and Evaluation Asset increased 58% to PHP3.02 billion from PHP1.91 billion beginning balance. This accounted for the exploratory drilling and pre-stripping activities in Narra mine (previously Bobog mine), which is scheduled to be in commercial operation by the end of 2016.

Consolidated Other Non-Current Assets increased 15% to PHP1.77 billion from PHP1.54 billion last year. This is mainly comprised of receivable input VAT and deferred input VAT on capitalized assets amounting to PHP1.22 billion. Coal, SCPC, SLPGC, SRPG, and SCS accounted for Other Non-Current Assets of PHP190.25 million, PHP8214.49 million, PHP1.22 billion, PHP20.61 million, and PHP128.17 million, respectively.

Consolidated Total Liabilities increased slightly by 4% to PHP30.26 billion from PHP29.20 billion beginning balance. Coal, SCPC, SLPGC and SRPG, accounted for PHP12.46 billion, PHP4.03 billion, PHP13.57 billion and PHP192.38 million, respectively.

Consolidated Total Current Liabilities grew by 34% to PHP16.32 billion from PHP12.14 billion as at the start of the year. This is due to increase in short-term loans and current portion of long-term debts. Coal, SCPC, and SLPGC accounted for PHP9.42 billion, PHP3.24 billion, and PHP3.46 billion, respectively.

Trade and Other Payables dropped by 16% to PHP7.37 billion from PHP8.81 billion beginning balance. The decrease is mainly due to payment of trade payables by parent and SLPGC. Coal, SCPC, and SLPGC respectively accounted for PHP4.46 billion, PHP1.71 billion, and PHP1.01 billion, respectively.

Included in the Trade and Other Payables is Due to Affiliated Companies which rose by 78% to PHP1.32 billion from PHP738.81 million beginning balance. This accounted for supply of materials, services, construction and management contract with affiliated companies.

Short-term loans, which represents working capital loans of the coal segment, increased by 146% to PHP2.99 billion from PHP1.22 billion beginning balance as coal converted some of its USD-denominated loans to peso towards the end of the year to manage its FX risk.

Consolidated Current Portion of Long-Term Debt increased by 146% to PHP5.19 billion from PHP2.11 billion beginning balance with more maturing loans in the next twelve months. Coal, SCPC, and SLPGC accounted for PHP1.97 billion, PHP1.53 billion, and 1.69 million, respectively.

Consolidated Total Non-Current Liabilities decreased by 4% to PHP14.70 billion, from PHP17.06 billion beginning balance due to re-class of a portion of long term loans maturing in the next twelve months. Coal, SCPC, and SLPGC accounted for PHP3.04 billion, PHP794.81 million and PHP10.11 billion, respectively.

Consolidated Long-Term Debt dropped by 29% to PHP11.36 billion from PHP16.09 billion beginning balance. SLPGC accounted for the bulk of the account, recording PHP9.34 billion borrowings for the expansion project, after re-class of current portion of long-term debt to current liabilities. Coal and SCPC have outstanding long-term portion of debts amounting to PHP1.25 billion and PHP767.28 million, respectively.

Consolidated Pension Liabilities increased 77% to PHP86.98 million from PHP49.03 million beginning balance, reflecting coal's recording of additional liability of PHP32.47 million and PHP5.48 million additional accounting of liability by SCPC. Coal and SCPC accounted for PHP72.04 million and PHP14.94 million, respectively.

Provision for Decommissioning and Site Rehabilitation increased 193% to PHP513.70 million due to intensified and expanded rehabilitation plan. Coal and power accounted for PHP501.11 million, PHP12.59 million, respectively.

Other Non-Current Liabilities, which accounts for retention payments on contracts under SLPGC slightly increased by 268% to PHP2.74 million from 743.91 million beginning balance due to the additional retained fees for the on-going plant construction.

After accounting for net income generation of PHP8.49 billion and payment of cash dividends of PHP4.28 billion during the period, consolidated Stockholders' Equity increased by 18% to PHP26.90 billion from PHP22.71 billion beginning balance.

Debt-to-Equity ratio slightly improved to 1.12:1 from 1.29:1 as at end 2014.

IV. PERFORMANCE INDICATORS:

- a. **Net Income After Tax** – Despite the challenges and disappointment in 2015, the Company generated historical high NIAT, posting a 23% increase YoY.
- b. **Dividend Payout** – Along with growing the business with the expansion of its power capacity, the Company's dividend payout continued to be strong. In 2015, payout ratio was 62%, more than three times the policy of 20%.
- c. **DE Ratio** – The Company manages to keep its leverage low as demonstrated by its DE Ratio. DE Ratio continues to slide down in 2015 to 1.12x from 1.29x in 2014.
- d. **Net Profit Margin** – Despite the drop-in coal prices, which also pulls down power rates, the Company was able to increase its profitability to 29% from 22% in 2014 by effectively managing costs.
- e. **Current Ratio** – Current ratio slipped to 0.97 as at the end of the year as the Company took advantage of the huge differential of short-term and long-term interest rates which is around 200 to 250 bps. Moreover, the 2x150MW power project booked additional payables both for EPC and Non-EPC related activities while commercial operation has not yet been achieved. Management is however closely monitoring this to manage liquidity risk.

V. OTHER INFORMATION:

1. There were no known trends, events or uncertainties that have material impact on liquidity.
2. The Corporation provides interim corporate suretyship in favor of the lenders of SCPC for its PHP9.6 billion 7-year loan availed on 26 May 2010. The security may however be suspended within the term of the loan when the conditions set forth in the loan contract are met. SCPC started to amortize the loan in 2011; as at end of the year outstanding balance decreased to PHP2.297 billion. Also, the corporation provides interim corporate suretyship in favor of the lenders of SLPGC for the project debt facility amounting to P11.5 billion to finance the on-going construction of 2x150MW power plant expansion at Calaca, Batangas. It started amortizing the loan during the year, and as of December 31, 2015, the total amount drawn from said debt facility is P11.075 billion.
3. There are no material off-balance sheet transactions, arrangements, obligations, and other relationships of the Corporation with unconsolidated entities or other persons created during the reporting period.
4. The Corporation has no major purchase commitment of mining equipment, except for the on-going construction of the 1x15 MW CFB Power Plant for its mine operation, a replacement of the old unit with estimated cost of P1.2 billion. For the meantime, this project is financed by short-term and medium-term loans for conversion to long-term loan when deemed necessary, and the on-going construction of 2x150MW power plant expansion at Calaca, Batangas which is financed by project debt facility with 60-40 debt-to equity ratio.
5. For 2016, we expect an increase in the demand for Semirara Coal in the domestic market with the commissioning of new power plants and small boilers that can utilize 100% Semirara coal. This trend is expected to continue in the succeeding years as a result of the competitiveness of Semirara Coal over imported coal.
6. There are no significant elements of income or loss from continuing operations.
7. There were no subsequent events that came to our knowledge, which are material enough to warrant an adjustment in the consolidated financial statements.
8. The Group's operation is not cyclical or seasonal in nature. Mining activities is continuous throughout the year as coal production output from period to period can be adjusted through efficient mine planning on both short-term and long-term, mitigating negative impact of the rainy season to mine operations. The power generation business is also operational throughout the year as maintenance shutdown is just part of normal operation of the plant and programmed ahead of time.
9. On 12 February 2016, the Department of Environment and Natural Resources approved the Company's application to increase maximum mineable capacity from 8 million MTs to 12 million MTs.
10. On 24 February 2016, the Board of Investments (BOI) approved the Company's application for registration for its Molave mine. As a BOI-registered enterprise, the Company is entitled to benefits like Income Tax Holiday.

B. INFORMATION ON INDEPENDENT ACCOUNTANT AND OTHER RELATED MATTERS

The principal accountants and external auditors of SMPC and its Subsidiaries⁸ is the accounting firm SyCip Gorres Velayo & Co. (SGV). Pursuant to the General Requirements of SRC Rule 68, paragraph 3 (Qualifications and Reports of Independent Auditors), SMPC and its Subsidiaries have engaged the services of SGV as external auditor, and Ms. Cyril Jasmin B. Valencia is the Partner-In-Charge starting 2012 or less than five years following the regulatory policy of audit partner rotation every five years.

1. External Audit Fees and Services
 - a. **Audit & Audit Related Fees-** SMPC and its Subsidiaries paid its external auditors the following fees in the past two (2) years:

In Millions Pesos with VAT	
2016	6.0 ⁹
2017	6.3 ¹⁰
Total	12.3 ¹¹

- b. **Tax Fees** - There are no fees billed in each of the last fiscal years for professional services rendered by the SGV for tax accounting, compliance, advice, planning and any other form of tax services.
 - c. **All Other Fees** – In 2017, non-audit fees paid to SGV amounted to Php123,200.00 for engagement in performing as an independent party to count and/or validate the votes at the Annual Stockholders’ Meeting. There are no significant fees paid in 2017 for products and services provided by SGV other than services reported under item a. above.
2. There have been no changes in or disagreement with SMPC and its Subsidiaries’ accountant on accounting and financial disclosures.
3. SMPC’s Audit Committee oversees the external audit function on behalf of the Board of Directors (Board). It recommends the appointment, reappointment or replacement of external auditor to the Board. It is charged with the evaluation of the audit work engagements, its scope, fees and terms for approval of the Board. The Audit Committee also reviews non-audit services and taxation advice, if any, by the external auditor. At the conclusion of the annual audit, it discusses with Management and the external auditor significant reporting issues. Lastly, the Audit Committee reviews external audit findings in respect of any significant deficiencies or weaknesses in controls and ensures that Management responds appropriately with timely corrective actions, including audit adjusting entries noted or proposed but passed as immaterial or otherwise. The current members of the Audit Committee of the Corporation are as follows: (1) Honorio O. Reyes-Lao (Chairman); (2) Rogelio M. Murga (Member); and Herbert M. Consunji (Member).

PAR IV – DISCUSSION ON COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

SMPC’s Revised Code of Corporate Governance reflects a governance framework that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to stockholders and other stakeholders which include, among others, customers, employees, suppliers, financiers, government and community in which it operates.

⁸ Sem-Calaca Power Corp., Southwest Luzon Power Generation Corp., St. Raphael Power Generation Corp., Semirara Claystone Inc., Sem-Cal Industrial Park Developers, Inc., Sem-Calaca RES Corp., Semirara Energy Utilities, Inc., and Southeast Luzon Power Generation Corp.

⁹ Includes Subsidiaries audit fees of P3.4 Million.

¹⁰ Includes Subsidiaries audit fees of P3.7 Million.

¹¹ Audit and non audit-related fees; no fees for other assurance and related services were paid.

The Board commits to a corporate governance framework aimed to provide a culture of ethical conduct, higher standards of performance, transparency and accountability throughout the organization. It reports its full compliance to the SEC's Revised Code of Corporate Governance (SEC Code) and discloses its level of adoption of the PSE's Corporate Governance Guidelines for Listed Companies. Directors, Officers and employees have been advised of their respective duties as mandated by the SEC Code and that internal mechanisms are in place to ensure compliance thereto. It fully complies with the disclosure and reportorial requirements of the SEC and PSE, such as certifications on compliance with its Revised Code of Corporate Governance and Board attendance, structured reports, as well as timely disclosure of significant and material information, events or developments and reporting of transactions involving trading of the Company's shares by its Directors within the prescribed reporting period. The Company's governance structure, policies and systems are described in the relevant governance section of its Integrated Annual Report.

CONTINUAL IMPROVEMENT:

SMPC's staunch efforts in improving overall corporate governance practices to conform with higher global standards resulted in improved scores in the 2016 ASEAN Corporate Governance Scorecard (ACGS) run, as assessed by the Institute of Corporate Directors, in partnership with the SEC. Our overall ACGS rating improved to 101.31 points from 2015's 95.66 points.

SMPC seeks to continually improve its governance framework by benchmarking against the ACGS best practices. Currently, it is reviewing its compliance with the recommended provisions of the SEC's Corporate Governance Guidelines for PLCs for stronger corporate governance.

SMPC's governance framework adheres to the following OECD Principles of Corporate Governance:

RIGHTS OF SHAREHOLDERS

SMPC protects and facilitates the exercise of basic shareholder rights. It maintains a share structure that gives all shares equal voting rights. It allows all shareholders the right to nominate candidates for board of directors. It is committed to providing reasonable economic returns to the investors through the right to participate in its profits. It respects the right of a shareholder to participate, be informed and vote in key decisions regarding fundamental corporate changes in its Annual Shareholders' Meeting (ASM). Shareholders are furnished with sufficient and timely information concerning the ASM date, location, agenda including the rules and voting procedures that govern such meetings in the Notice of ASM and accompanying SEC Form 20-IS Information Statement. It respects other shareholder rights, specifically, to inspect corporate books and records, to information, to dividends and appraisal right.

EQUITABLE TREATMENT OF SHAREHOLDERS

It ensures equitable treatment of all shareholders and provides them the opportunity to obtain redress for violation of their rights. It has a share structure of one class of common shares with one vote for each share. It aims to protect non-controlling shareholders from inequitable conduct and abusive self-dealing of its Directors, Officers and employees. Related good governance policies include:

- Insider Trading Policy - explicitly prohibits insider trading to prevent conflict of interest and benefiting from insider information or knowledge not available to the general public. It prescribes trading block off periods and requires Directors and officers to inform or report to SMPC their trading transactions of SMPC shares within three (3) business days.
- Related Party Transaction (RPT) Policy – provides that RPTs be arms-length and at terms available to an unaffiliated third party under the same or similar business circumstances. It also sets threshold levels requiring approval of the Board or shareholders, and that RPTs be arms-length and at terms generally available to an unaffiliated third party under the same or similar circumstances, among others. SMPC's Independent Directors annually review material significant RPTs that meet the threshold levels stipulated by regulatory rules and requirements on RPTs and materiality guidelines per RPT Policy.

ROLE OF STAKEHOLDERS

It protects the rights and interests of its employees, customers, suppliers, business partners, creditors, government, environment, communities and other stakeholders as established by law or through mutual agreements. Its active engagement and partnership with key stakeholders encourage open communication and

early resolution of issues or concerns, if any, during quarterly monitoring meetings with the Multi-Monitoring Team wherein various sectoral stakeholder groups are represented and heard. Related policies include:

- Alternative Dispute Resolution Policy - promotes the use of alternative dispute resolution (ADR) options and processes in the settlement of corporate governance related disputes or differences with shareholders and key stakeholders.
- Anti-corruption and Ethics Program - consists of ethics-related policies, soft controls and audit procedures aimed to promote the highest standards of openness, probity and accountability throughout the organization.
- Whistleblowing/Hotline reporting mechanism - provides a secure reporting venue for employees, customers, suppliers and other stakeholders to raise and communicate valid complaints and confidential concerns on fraud, questionable and unethical transactions in good faith.

DISCLOSURE AND TRANSPARENCY

It commits to a regime of open disclosure and transparency of material information and events regarding its financial performance, ownership and business updates. Its Information Policy ensures information is communicated in a timely and transparent manner to individual and institutional shareholders by timely and adequate disclosures through announcements, quarterly or annual reporting, SMPC website and investor relations activities such as analyst briefings and media/press conferences.

RESPONSIBILITIES OF THE BOARD

SMPC's Good Governance Guidelines for Board Directors serve as the Board's charter with policies regarding directorship tenure, service in other company boards, conflict of interest, among others. It aims to protect non-controlling shareholders from inequitable conduct and abusive self-dealing of its Directors, Officers & employees. The Code of Conduct and Business Ethics (Code) embodies the Board's commitment to conduct business with the highest ethical standards and in accordance with applicable laws, rules and regulations. Code provisions include conflict of interest, gifts, corporate giving, insider trading, corporate opportunities, accounting and financial reporting, influencing external auditor, political activities, fair dealings, confidentiality, protection and proper use of company assets, among others, which are aligned with SMPC's Code of Corporate Governance. Annually, SMPC requires all Directors and officers to certify their compliance with the Code of Conduct and Business Ethics.

UPON THE WRITTEN REQUEST OF ANY STOCKHOLDER, SMPC WILL PROVIDE, WITHOUT CHARGE, A HARD COPY OF ITS DEFINITIVE INFORMATION STATEMENT, ANNUAL REPORT IN SEC FORM 17-A AND THE CORPORATION'S LATEST QUARTERLY REPORT IN SEC FORM 17-Q DULY FILED WITH THE SECURITIES AND EXCHANGE COMMISSION. THE STOCKHOLDER MAY BE CHARGED A REASONABLE COST FOR PHOTOCOPYING THE EXHIBITS.

ALL REQUESTS MAY BE SENT TO THE FOLLOWING:

SEMIRARA MINING AND POWER CORPORATION

2nd Floor DMCI Plaza, 2281 Don Chino Roces Avenue

Makati City, Metro Manila, Philippines

ATTENTION: **JOHN R. SADULLO**

VP Legal & Corporate Secretary