COVER SHEET

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SEC Registration Number

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

(Company's Full Name)

34th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, PasiG City

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

Ethelwoldo E. Fernandez

(Contact Person)

637-1670

(Company Telephone Number)

12 31

Month *Day*

(Fiscal Year)

SEC FORM-17-A

(Form Type)

Month *Day*

(Annual Meeting)

Annual Report 2014

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

11,915

Total No. of Stockholders

Domestic | Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please use BLACK ink for scanning purposes.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17 – A
ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2014**

2. SEC Identification number **40058**

3. BIR Tax Identification Code **000-483-747-000**

4. Exact name of registrant as specified in this charter **Oriental Petroleum and Minerals Corporation**

5. **Metro Manila, Philippines**
   Province, country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
   Industry Classification Code

7. **34th Floor, Robinsons Equitable Tower, ADB Ave., Ortigas Center, Pasig City**: **1605**
   Address of principal office Postal Code

8. **(632) 633-7631 to 40**
   Registrant's telephone number, including area code

9. **Not Applicable**
   Former name, former address and formal fiscal year, if changed since last report

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common Stock, ₱0.01 par value	**200 Billion**

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes ___X____ No ________

If yes, state the name of such stock exchange and the classed of securities listed herein

Philippine Stock Exchange **Common Stock**

12. Check whether the registrant:

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

Yes ___**X**___ No ________

b) Has been subject to such filing requirements for the past 90 days.

Yes ______ No ___**X**___

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date, within sixty - (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

The aggregate market value of stocks held by non-affiliates is ₱1,696.26 million.

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

Oriental Petroleum and Minerals Corporation (OPMC) is a Philippine corporation incorporated on December 22, 1969 with the purpose of exploring, developing and producing petroleum and mineral resources in the Philippines. As an exploration company, OPMC's operational activities depend principally on its Service Contracts with the government.

The Company, together with other oil exploration companies (collectively referred to as "a or the Contractor"), entered into a Service Contract (SC) with the Philippine Government, through the Department of Energy (DOE), for the exploration, development and exploitation of certain contract areas situated in offshore Palawan where oil discoveries were made. The Company's petroleum revenues and production and related expenses are derived from SC-14 Contract Area. SC 14 is composed of four Blocks, Block – A (Nido), Block -B (Matinloc), Block – C (Galoc & West Linapacan) and Block – D. Of these areas, only West Linapacan and Block –D are the non-producing areas; West Linapacan is currently under evaluation for re-activation after it was shut-in in 1991 due to water intrusion. Block – D, on the other hand, is designated as the Retention Block.

Production Data for 2014 and 2013

Area	Volume (in bbls.)		Average Selling Price (in US$/bbl.)	
	2014	2013	**2014**	2013
Nido / Matinloc	157,140	158,997	84.66	95.68
Galoc	2,855,260	1,723,063	101.52	109.46

Nido and Matinloc oilfields' combined production were sold and delivered to Pilipinas Shell while production from Galoc were sold and delivered to various customers. Sale is effected through physical transfer of crude oil from offshore production site from storage and processing ship to oil tanker of the buyer. Galoc crude oil can be sold at a higher price as compared to Nido/Matinloc crude oil due to volume.

Service Contracts (SCs) and Geophysical Survey and Exploration Contracts (GSECs) are the principal properties of the Company and owned by the State.

The contractors are bound to comply in the work obligations provided in the contract with the DOE. They should provide at their own risk the financing, technology and services needed in the performance of their obligations. Failure to comply with their work obligations means that they should pay the government the amount they should have spent had they pushed through with their undertaking. Operating agreement among the participating companies governs their rights and obligations under the contract.

The Company posted total revenue from petroleum operations of US$22.56 million at the end of 2014. The main source of this revenue was from Galoc operations which contributed a total of US$20.58 million. In 2013, the company recorded petroleum revenue of US$15.83 million; US$13.52 million came from its share in the Galoc operation.

As of December 31, 2014 OPMC has thirteen (13) employees, ten (10) executives and three (3) rank and file personnel. The Company is not expecting any change in the number of employees it presently employs. The Company has not entered into any Collective Bargaining Agreements (CBA).

It is a common knowledge in the industry that the major risk involved in the business of oil exploration, such as OPMC, is in the success of exploration ventures. The ratio of successful exploration is estimated to be 1 out of every 400 wells explored. The Company together with its partners in the various Service Contracts, conduct technical studies and evaluation of the areas believed to have oil reserves.

Another risk involved in the business of oil exploration and production is the risk that accidents may occur during operations. The Company together with its partners in various Service Contracts, continue to take precautionary measures to mitigate accidents, like oil spill. Platform personnel regularly attend safety trainings and seminars. Likewise, platforms are supplied with equipments like oil spill boom, in case oil spill happens. The Consortia, in which the Company is part of, maintain sufficient funds to cover emergencies and accidents, apart from the insurance coverage of each operation/platform.

The Company organized three (3) wholly owned subsidiaries:

a) ORIENTAL MAHOGANY WOODWORKS, INC. (OMWI)

The Company was incorporated and started commercial operations on May 2, 1988 with the principal objective of supplying overseas manufacturers, importers and designers with high quality furniture.

On March 31, 1994, the Board of Directors approved the cessation of the Company's manufacturing operations effective May 1, 1994 due to continued operating losses. The management has no definite future plans for the Company's operations.

b) LINAPACAN OIL GAS AND POWER CORPORATION (LOGPOCOR)

The Company was incorporated on January 19, 1993 to engage in energy project and carry on and conduct the business relative to the exploration, extraction, production, transporting, marketing, utilization, conservation, stockpiling of any forms of energy products and resources. The Parent Company continues to recognize revenues arising from the operations of the assigned working interest. However, all related capitalizable expenses on such working interest continue to be capitalized to the Company's assigned costs of such working interest. On the other hand, depletion of such costs is transferred to the Parent Company and shown as a reduction of the assigned costs.

c) ORIENTAL LAND CORPORATION (OLC)

The Company was incorporated on February 24, 1989 as realty arm of OPMC. It has remained dormant since incorporation.

Item 2. Properties

The principal properties of the Company consist of petroleum exploration areas in the Philippines, onshore and offshore.

Listed below are OPMC's exploration undertakings through a consortium effort with the Department of Energy (DOE).

CONTRACT	LOCATION	Expiration Date	OPMC Share (%)
SC 6B (Bonita)	NW Palawan	February 28, 2024	14.063
SC 14A (Nido)	NW Palawan	December 17, 2025	42.940
SC 14B (Matinloc)	NW Palawan	December 17, 2025	17.703
SC 14B1 (N. Matinloc)	NW Palawan	December 17, 2025	27.772
SC14C (West Linapacan)	NW Palawan	December 17, 2025	7.752
SC14C (Galoc)	NW Palawan	December 17, 2025	7.785
SC 14D	NW Palawan	December 17, 2025	20.829

Item 3. Legal Proceedings

None.

Item 4. Submission of Matters to a Vote of Security Holders

There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Registrant's Common Equity and Related Stockholder Matters

Principal market or markets where the registrant's common equity is traded:

- OPMC shares are actively traded in the Philippine Stock Exchange.

STOCK PRICES (in pesos)	CLASS A High	CLASS A Low	CLASS B High	CLASS B Low
2015				
First Quarter	.0150	.0120	.0160	.0130
2014				
First Quarter	.0180	.0160	.0210	.0180
Second Quarter	.0200	.0160	.0210	.0180
Third Quarter	.0180	.0160	.0200	.0170
Fourth Quarter	.0170	.0120	.0180	.0130
2013				
First Quarter	.0240	.0200	.0250	.0200
Second Quarter	.0260	.0160	.0270	.0190
Third Quarter	.0200	.0170	.0210	.0190
Fourth Quarter	.0210	.0170	.0230	.0180

VOLUME (in billion shares)	CLASS A	CLASS B
2015		
First Quarter	1.496	0.521
2014		
First Quarter	3.813	0.598
Second Quarter	3.125	0.760
Third Quarter	2.537	0.707
Fourth Quarter	3.127	0.574
2013		
First Quarter	11.716	2.991
Second Quarter	17.256	7.576
Third Quarter	5.542	1.321
Fourth Quarter	4.764	0.795

The Company has not declared any cash or stock dividends in the last two (2) years (2014 and 2013).

As of March 31, 2015, there are approximately **11,889** stockholders both for Class "A" and "B" shares. The top 20 stockholders are:

STOCKHOLDERS	NUMBER OF SHARES HELD	% TO TOTAL
1. PCD NOMINEE CORPORATION	80,895,240,587	40.45
2. CONSOLIDATED ROBINA CAPITAL CORP.	37,051,952,896	18.53
3. R. COYIUTO SECURITIES, INC.	21,643,513,252	10.82
4. PRUDENTIAL GUARANTEE & ASSURANCE, INC.	13,341,635,799	6.67
5. PCD NOMINEE CORPORATION (NON-FILIPINO)	5,753,545,532	2.88
6. J.G. SUMMIT HOLDINGS, INC.	1,756,248,841	0.88
7. F & J PRINCE HOLDINGS CORP.	1,260,888,642	0.63
8. PHIL. OVERSEAS TELECOMMUNICATIONS CORPORATION	1,129,545,907	0.56
9. PHIL. COMMUNICATIONS SATELLITE CORP.	1,111,496,010	0.56
10. PAULINO G. PE	935,000,000	0.47
11. GIBRALTAR INTERNATIONAL HOLDINGS, INC.	832,833,547	0.42
12. DAVID GO SECURITIES CORP.	698,258,201	0.35
13. MARGARET S. CHUA CHIACO	663,400,000	0.33
14. TIONG KENG CHING	622,512,998	0.31
15. VICTORIA DUCA	611,236,533	0.31
16. ROBERT COYIUTO, JR.	565,664,986	0.28
17. JAMES UY, INC.	471,843,600	0.24
18. ERNESSON S. CHUA CHIACO	441,600,000	0.22
19. GENEVIEVE S. CHUA CHIACO	441,600,000	0.22
20. F. YAP SECURITIES, INC.	390,026,036	0.20
	170,618,043,367	85.31
OTHERS	29,381,956,633	14.69
TOTAL	**200,000,000,000**	**100.00**

Description of Registrant's Securities

Common Stock - all shares of stock of the Company enjoy the same rights and privileges, except that Class A shares shall be issued solely to Filipino citizens, whereas Class B shares can be issued to Filipino citizens or foreigners.

Recent Sales of Unregistered or Exempt Securities Including Recent Issuance of Securities Constituting an Exempt Transaction

There are no recent sales of unregistered or exempt securities including recent issuance of securities constituting an exempt transaction. All shares of the Company are listed on the Philippine Stock Exchange.

Item 6. Management's Discussion and Analysis or Plan of Operation

At the end of calendar year 2014, Nido and Matinloc Oilfields had a combined crude oil production of 157,140 barrels, slightly lower than last year's 158,997 barrels. Galoc Oil Field on the other hand, produced a total of 2.85 million barrels, an increase of around 66% from last year's production of around 1.72 million barrels.

The Company has no plans to purchase or to sell any plant and / or significant equipment nor does it expect any significant change in the number of employees for the next 12 months.

Results of Operations

2014 vs. 2013

Petroleum Revenues reached US$22.56 million at the end of 2014, around 43% higher than last year's US$15.83 million.

The Company's petroleum revenues were mainly from Galoc operations, which contributed around US$20.58 million in petroleum revenues. This year's oil production in the Galoc oilfield reached 2.86 million barrels, an increase of around 66% from last year's 1.72 million barrels. This increase was, however, countered by the decrease in the average crude oil price from US$109.46/bbl. in 2013 to US$101.52/bbl. in 2014.

Nido/Matinloc operations contributed US$1.98 million in petroleum revenues, slightly lower than last year's US$2.31 million; due to the decrease in oil production and average crude oil price.

At the end of 2014, Petroleum production costs amounted to US$6.30 million, slightly lower than US$6.81 million in 2013. These costs include among others, FPSO rentals, helicopter services, insurance expenses, marketing fees, repairs and maintenance and other general and administrative expenses of the consortia.

Depletion and depreciation expense totaled US$12.54 million in 2014, an increase of around US$8.42 million from 2013 million mainly due to the increase in crude oil production from Galoc operations as well as an increase in capitalization cost of PPE investments.

Research and development expenses pertain to studies made by the Company as part of the Company's continuing search for new projects.

Other income (expenses)-net totaled US$1.42 million in 2014 as against US$1.45 million in 2013. The decrease of around 2% was mainly due to lower interest rates earned from deposits and placements.

2013 vs. 2012

At the end of 2013, the Company posted Petroleum Revenues of US$15.83 million, slightly higher than last year's US$15.36 million.

The main source of the Company's revenue came from Galoc operations which contributed a total of US$13.52 million. Total production in Galoc reached 1.72 million barrels, 19% higher than 2012 production of 1.44 million barrels. However, average crude oil price dropped from US$113.89/bbl. in 2012 to US$109.46/bbl. in 2013.

Nido/Matinloc operations ended 2013 with a total production of 158,997 barrels at an average crude oil price of US$95.68/bbl. It contributed US$2.31 million in the Company's petroleum revenues.

Petroleum production costs amounted to US$6.81 million in 2013, 13% higher than last year's US$6.02 million. The increase can be attributed to the normal operations in Galoc oilfield as compared to last year when it was shut-in for the first three months due to the upgrade of FPSO.

Depletion and depreciation expense reached US$4.11 million in 2013, 28% higher than last year's US$3.21 million mainly due to the increase in crude oil production from petroleum operations.

Research and development expenses pertain to studies made by the Company as part of the Company's continuing search for new projects.

Other income (expenses)-net totaled US$1.45 million in 2013 as against US$2.63 million in 2012. The decrease of around 47% was mainly due to income from the sale of AFS securities recognized in 2012.

2012 vs. 2011

The Company posted Petroleum Revenues of US$15.36 million at the end of 2012; 36% lower than last year's US$24.00 million. The decrease was mainly due to non-production in Galoc in the first quarter of 2012 due to upgrading of the FPSO.

For 2012, the company's share in Galoc operations amounted to US$13.06 million, 40% lower than last year's US$21.74 million. Crude oil production in Galoc dropped from 2,143,622 barrels in 2011 to 1,445,229 barrels in 2012 due to the upgrade in FPSO which required shutting-in of production during the 1st quarter of 2012. Average crude oil price per barrel reached US$113.89/bbl in 2012 slightly higher than US$111.78/bbl in 2011.

Nido/Matinloc operations contributed US$ 2.30 million in petroleum revenues, slightly higher than last year's US$2.26 million.

Petroleum production costs amounted to US$6.02 million in 2012. This was 23% lower than last year's US$7.79 million due to the decrease in operating expenses particularly in Galoc operations due to the decrease in FPSO lease rates as it underwent upgrading during the first 3 months of the year.

Depletion and depreciation expense reached US$3.21 million for 2012, 61% lower than last year due to the decrease in crude oil production in the Galoc oilfield. Total production in Galoc for 2012 totaled 1,445,229 barrels, or a decrease of 33% from crude oil production in 2011.

Other income (expenses)-net totaled US$2.63 million in 2012 as against US$1.06 million in 2011. The increase of 148% was attributable to the increase in dividends income from investments and income from the sale of AFS securities.

Financial Position

2014

The Company's total assets at the end of 2014 reached US$83.17 million, 4.55% higher than 2013 total assets of US$79.55 million.

Cash and cash equivalents totaled US$43.57 million at the end of 2014, higher by 24% than last year's US$35.04 million. The increase was due to the Company's share in the cash distribution from the Galoc operations.

Short-term investments amounting to US$4.97 million represent money market placements with various banks with terms longer than 90 days.

Accounts Receivable amounted to US$2.27 million which represents the Company's share in the funds from crude oil sale held in trust by the operators, The Philodrill Corporation and Galoc Production Company for the SC 14A & B and SC 14C Consortia, respectively.

Crude oil inventory at year-end totaled US$1.81 million represents the Company's share in crude oil produced but not yet delivered as of year-end.

Available-for-sale equity Securities reached US$13.31 million at the end of 2014, 47% higher than last year's US$9.04 million due to additional investments made by the Company during the year.

Property and Equipment at the end of 2014 decreased from US$27.70 million to US$16.64 million mainly due to recognized depletion and depreciation for the year.

Accounts Payable and Accrued Expenses at the end of the year amounted to US$0.68 million, an increase of around 4% from 2013 balance due to the accrual of various expenses.

2013

At the end of 2013, the Company has consolidated assets of US$79.55 million, around 7% higher than last year's US$74.61 million.

Cash and cash equivalents totaled US$35.04 million at the end of 2013, 5% lower than last year's US$37.09 million. This can be attributed mainly on the Company's share in the Galoc Phase - II project expenses.

Accounts Receivable amounted to US$4.33 million which represents the Company's share in the funds from crude oil sale held in trust by the operators, The Philodrill Corporation and Galoc Production Company for the SC 14A & B and SC 14C Consortia, respectively.

Crude oil inventory at year-end totaled US$2.83 million represents the Company's share in crude oil produced but not yet delivered as of year-end.

Available-for-sale equity Securities reached US$9.04 million at the end of 2013, 6% lower than last year's US$9.60 million due to the decrease in prices of the stocks held by the Company.

Property and Equipment at the end of 2013 increased from US$18.42 million to US$27.70 million. The increase was mainly due to the Company's share in Galoc Phase-II project.

Deferred exploration costs totaled US$0.59 million at the end of 2013, an increase of around 5% from last year's US$0.56 million, which was mainly due to the Company's share in exploration costs in other Service Contract Areas.

Accounts Payable and Accrued Expenses at the end of the year amounted to US$0.64 million.

2012

For the year ended December 31, 2012, the Company has consolidated assets of US$74.61 million, 15% higher than last year's US$65.07 million.

Cash and cash equivalents at the end of 2012 reached US$37.09 million, 12% higher than last year's US$33.04 million. An increase of around US$4.05 million was mainly due to dividends from the company's investments, mainly in preferred shares and the sale or redemption of AFS securities.

Accounts Receivable amounted to US$4.91 million which represents the Company's share in the funds from crude oil sale held in trust by the operators, The Philodrill Corporation and Galoc Production Company for the SC 14A & B and SC 14C Consortia, respectively.

Crude oil inventory at year-end totaled US$4.02 million represents the Company's share in crude oil produced but not yet delivered as of year-end.

Available-for-sale equity Securities reached US$9.60 million at the end of 2012, 40% higher than last year's US$6.84 million. The Company continued to increase its portfolio mainly in preferred shares during the year thus the increase in this account.

Property and Equipment at the end of 2012 amounted to US$18.42 million as against last year's US$19.57 million. The net decrease of US$1.15 million was a result from an additional Capex of around US$2.06 for the Company's share in Galoc Phase-II and a deduction of US$3.21 million representing depletion and depreciation for 2012.

Accounts Payable and Accrued Expenses at the end of the year amounted to US$0.61 million.

The causes for material changes (5% or more) of December 31, 2014 figures as compared to December 31, 2013 figures of the following accounts are:

Accounts	December 31, 2014	December 31, 2013	Change	%	Remarks
Balance Sheet					
Cash and cash equivalents	43,566,296	35,037,700	8,528,596	24.34	Increase due to share in cash distribution from Galoc operations.
Accounts Receivable	2,268,489	4,328,859	(2,060,370)	(47.60)	Decrease due to lower crude oil price and volume sold and delivered towards the end of the year.
Crude Oil Inventory	1,805,730	2,831,426	(1,025,696)	(36.23)	Decrease pertain to lower crude oil produced at the end of the reporting period.
Available – for Sale Securities	13,311,120	9,041,633	4,269,487	47.22	Increase refer to additional investments made by the Company during the reporting year.
Property, plant and equipment	16,639,094	27,704,901	(11,065,807)	(39.94)	Decrease due to depletion and depreciation recognized for the reporting year.
Income Statement					
Revenues from Petroleum Operations	22,558,228	15,825,328	6,732,900	42.55	Please refer to the discussion under Results of Operations on page 9.
Petroleum Production Costs	6,296,221	6,809,862	(513,862)	(7.54)	Decrease refer to lower operating costs.
Depletion, depreciation and amortization	12,535,020	4,113,423	8,421,597	204.73	Increase pertain to increased production from petroleum operations.
Interest and Other Income (expenses) – net	1,415,142	1,449,848	(34,706)	(2.39)	Please refer to the discussion under Results of Operations on page 9.

I. Key Performance Indicators

	2014	2013	2012
Current Ratio	**77.32**	64.72	72.15
Net Working Capital Ratio	**0.62**	0.52	0.61
Return on Assets	**4.75%**	11.33%	12.52%
Return on Equity	**5.53%**	6.78%	13.84%
Ratio of Debt-to-Equity	**0.03**	0.04	0.04

Figures are based on Audited Financial Statements

Current ratios are computed by dividing current assets over current liabilities. Net working capital ratios are derived at by getting the difference of current assets and current liabilities divided by total assets. Return on assets percentage pertains to operating income (loss) over average total assets while return on equity percentage is computed by dividing net income (loss) over average stockholder's equity. Percentage of debt to equity resulted from dividing total borrowings (short-term & long-term borrowings) over stockholder's equity.

II. The Company has no knowledge of any events that will trigger direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

III. There are no material off-balance sheet transactions, arrangements, obligations and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

IV. There are no significant Capital expenditures during the reporting period.

V. There are no significant elements of income or loss that did not arise from the Company's continuing operations.

VI. There are no seasonal aspects that had a material effect on the Company's financial condition or results of operation.

Item 7. Financial Statement

The Audited Consolidated Financial Statements are filed as part of this Form 17-A.

Item 8. Information on Independent Accountant and other Related Matters

1. External Audit Fees and Services
   a. Audit and Audit-Related Fees

      Our external auditor, SGV & Co. has billed the Company a total audit fee of US$18,231.12 for the last two (2) fiscal years, 2014 and 2013, for the audit of the Company's annual financial statements in connection with statutory and regulatory filings for the last two (2) fiscal years.

Aside from the abovementioned service by the external auditor, there had been no other services that was requested from and performed by the external auditor.

b. Tax Fees

The Company had not contracted the external auditor for services related to tax accounting, compliance, advice, planning and any other form of tax services for the last two (2) fiscal years.

c. All Other Fees

The Company had not contracted the external auditor for product and services other than the services reported under items (a) and (b) above for the last two (2) fiscal years.

d. The audit committee's approval policies and procedures for the above services

The stockholders of the Company elect the external auditor during the Annual Stockholders Meeting. The audit committee evaluates and approves audit plans, programs, scope and frequency submitted by the external auditor.

2. Changes and Disagreements With Accountants On Accounting And Financial Disclosure

None.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors And Executive Officers Of The Registrant

The names and ages of directors and executive officers of the Company are as follows:

Directors

Director, Chairman and Chief Executive Officer	James L. Go	Filipino	75
Director, President and Chief Operating Officer	Robert Coyiuto, Jr.	Filipino	63
Director	John Gokongwei, Jr.	Filipino	88
Director	Lance Y. Gokongwei	Filipino	48
Director	Antonio Go	Filipino	74
Director	Benedicto Coyiuto	Filipino	36

Director	Josephine Barcelon	Filipino	55
Director	James Coyiuto	Filipino	61
Director	Ricardo Balbido, Jr.	Filipino	64
Director,	Gabriel Singson	Filipino	85
Director, Assistant Corporate Secretary	Perry L. Pe	Filipino	54

Executive Officers

SVP- Operations and Administration	Apollo P. Madrid	Filipino	74
SVP – Legal and Corporate Secretary	Ethelwoldo E. Fernandez	Filipino	86
Chief Financial Officer	Aldrich T. Javellana	Filipino	41
Treasurer	Teresita Vasay	Filipino	60

The Directors of the Company are elected at the annual stockholders' meeting to hold office until the next succeeding annual meeting and until their respective successors have been elected and qualified.

Officers are appointed or elected annually by the Board of Directors at its first meeting following the Annual Meeting of the Stockholders, each to hold office until the corresponding meeting of the Board of Directors in the next year or until successor shall have been elected, appointed or shall have qualified.

The independent directors of the Company are elected according to SRC Rule 38 – *Independent Directors.*

A brief discussion of the directors' and executive officers' business experience and other directorships held in other reporting companies are as follows:

James L. Go, is the Chairman and Chief Executive Officer of the Company since 2002. He is also the Chairman and CEO of JG Summit Holdings, Inc. He is the Chairman of Universal Robina Corporation, Robinsons Land Corporation, JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is the Vice Chairman and Deputy Chief Executive Officer of Robinsons Retail Holdings, Inc. and a director of Cebu Air, Inc., Marina Center Holdings, Private Limited, United Industrial Corporation Limited, and Hotel Marina City Private Limited. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a director of the Philippine Long Distance Telephone Company (PLDT) since November 3, 2011. He is a member of the Technology Strategy Committee and Advisor of the Audit Committee of the Board of Directors of PLDT. He was elected a director of Manila Electric Company on December 16, 2013. Mr. James L. Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.

Robert Coyiuto, Jr., has been a Director of the Company since 1982 and was previously both Chairman of the Board and President from 1991 to 1993. He has been President and Chief Operating Officer of the Company since 1994. He is also the Chairman and CEO of Prudential Guarantee & Assurance, Inc., PGA Sompo Japan Insurance Inc., Chairman of Hyundai North Edsa, PGA Cars Inc., Coyiuto Foundation and Chairman & President, Calaca High Power Corporation He also serves as Vice Chairman of First Life Financial Co., Inc. and National Grid Corporation of the Philippines. He is also a Director of Universal Robina Corporation; Canon Philippines, Inc. and Trustee of San Beda College.

John L. Gokongwei, Jr., is a Director of the Company. He had been Chairman of the Board and CEO of the Company from 1994 to 2002. He is the founder and Chairman Emeritus of JG Summit Holdings, Inc. (JGSHI) effective January 1, 2002. He continues to be a member of the Board of Directors of JGSHI and certain of its subsidiaries. He also continues to be a member of the Executive Committee of JGSHI and is Chairman Emeritus of certain of its subsidiaries. He is currently the Chairman of the Gokongwei Brothers Foundation, Inc., Chairman and Chief Executive Officer of Robinsons Retail Holdings, Inc., Deputy Chairman and Director of United Industrial Corporation Limited and a director of Cebu Air, Inc. He was elected a director of Manila Electric Company on March 31, 2014. He is also a non-executive director of A. Soriano Corporation. Mr. Gokongwei received a Master's degree in Business Administration from the De La Salle University and attended the Advanced Management Program at Harvard Business School.

Lance Y. Gokongwei, 48, has been a Director of the Company since 1994. He is the President and Chief Operating Officer of JGSHI. He had been Executive Vice President of JGSHI and was elected President and Chief Operating Officer effective January 1, 2002. He is also the President and Chief Executive Officer of Universal Robina Corporation, Cebu Air, Inc., JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is the Vice Chairman and Chief Executive Officer of Robinsons Land Corporation. He is the Chairman of Robinsons Bank Corporation, Vice Chairman of Robinsons Retail Holdings, Inc. and a director of United Industrial Corporation Limited, and Manila Electric Company. He is a trustee and secretary of the Gokongwei Brothers Foundation, Inc. He received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

Antonio L. Go, was elected as an independent director of the company since 2007. He also currently serves as director and President of Equitable Computer Services, Inc. and is Chairman of Equicom Savings Bank and ALGO Leasing and Finance Inc. He is also a director of Medilink Network, Inc., Maxicare Healthcare Corporation, Equicom Manila Holdings, Equicom Inc., Equitable Development Corporation, United Industrial Corporation Limited, Cebu Air Inc., Pin-An Holdings, Inc., and Equicom Information Technology, and Robinsons Retail Holdings, Inc. He is also a trustee of Go Kim Pah Foundation, Equitable Foundation, Inc., and Gokongwei Brothers Foundation, Inc. He graduated from Youngstown University, United States with a Bachelor of Science degree in Business Administration. He attended the International Advanced Management program at the International Management Institute, Geneva, Switzerland as well as the Financial Planning/Control program at the ABA National School of Bankcard Management, Northwestern University, United States.

Benedicto Coyiuto, was elected Director of the company during the last Annual Stockholders' Meeting held on June 27, 2013. He is also a Director of PGA Cars, Inc. and PGA Automobile, Inc. He is the Assistant to the Chairman of PGA Sompo Japan Insurance, Inc. He is the son of Mr. Robert Coyiuto, Jr.

Josephine V. Barcelon was elected Director during the meeting of June_2014. She is the president of J.M. Barcelon & Co., Inc., Stockbroker, Member: Philippine Stock Exchange and CEO of the Barcelon Group of Companies.

James Coyiuto, was elected as Director of the Company since 2005. He is also the Director of Prudential Guarantee and Assurance, Inc., Guarantee Development Corporation and PGA, Sompo Japan Insurance Inc.

Ricardo Balbido,Jr., has been elected as an Independent Director of the Company in 2005. Currently, he is doing financial consultancy after retirement from his various banking stint as former President and CEO of Philippine Veterans Bank, former President and COO of Dao Heng Bank, Inc., former Senior Vice President of Bank of the Philippine Islands. He was also former President of the Philippine Clearing House Corporation, and Director of Bankers Association of the Philippines. Mr. Balbido received his degree in Bachelor of Science in Business Administration Major in Accounting from Silliman University and is a Certified Public Accountant. He earned full academics in Master in Business Administration from Ateneo de Manila University.

Gabriel Singson, has been elected as Director of the Company during the annual stockholders meeting held last July 14, 2005. He is a director of Multinational Finance Group Ltd., Summit Forex Brokers Corporation, Summit Point Corporation, and a trustee of the Gokongwei Brothers Foundation, Inc., Tan Yan Kee Foundation and the Ateneo de Manila University. He is also the Chairman of Grepalife Financial Corporation and Chairman of the Advisory Board of Rizal Commercial Banking Corporation. He was the former Governor of the Bangko Sentral ng Pilipinas (1993-1999) and President of the Philippine National Bank (1992-1993). He obtained his LLB degree, cum laude, from the Ateneo Law School and received his Master of Laws from the University of Michigan Law School as a Dewitt Fellow and a Fulbright scholar.

Perry L. Pe, has been the Assistant Corporate Secretary of the Company since 1994. He has been a Director since 1995. He is also the Corporate Secretary of SIAEP and A-Plus; Partner of Romulo, Mabanta, Buenaventura, Sayoc, and Delos Angeles Law Office; Director of Delphi Group, Ace Saatchi Saatchi, AG & P Philippines, Inc. Honorary Consul General of Denmark to the Philippines. Atty. Perry L. Pe is the son-in-law of Mr. John Gokongwei, Jr.

Apollo P. Madrid, has been the Senior Vice President - Operations and Administration of the Company since 1990.

Ethelwoldo E. Fernandez, has been the Corporate Secretary of the Company since 1995. He had been Senior Vice President-Legal of the Company since 1992. He had been counsel to the Law firm of Sycip, Salazar, Hernandez and Gatmaitan until 2003. He is also the Corporate Secretary of Prudential Guarantee and Assurance, Inc.

Aldrich T. Javellana, was appointed Chief Financial Officer of the Company effective October 1, 2014. He is the Vice President and Treasurer of JG Summit Holdings, Inc. Prior to joining JGSHI in 2003, he worked in Corporate Finance with CLSA Exchange Capital. He graduated from De La Salle University with a degree in BS Accountancy and is a Certified Public Accountant.

Teresita Vasay, was appointed Treasurer of the Company effective October 1, 2014. She is also the Treasurer of the Summit Media Group and a Director of various condominium corporations for RLC projects. Ms. Vasay is a Certified Public Accountant and a licensed Real Estate Broker. She was formerly the Treasurer of Robinsons Land Corporation and the Vice President-Controller of the Robinsons Retail Group. She had experience in consumer financing from Filinvest Credit Corporation and practiced public accounting with SGV & Co. prior to joining the Gokongwei group of companies.

The Company's independent directors are Messrs. Ricardo Balbido, Jr. and Antonio Go. They have possessed the qualifications of independent directors as set forth in the SRC Rule 38 – Independent Director, since the time of their initial election.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the directors and officers has been involved in any bankruptcy proceeding in the past five (5) years nor have they been convicted by final judgment in any criminal proceeding, or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending or otherwise limited their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court of administrative bodies to have violated a securities or commodities law.

Significant Employees

There are no persons who are not executive officers of the Corporation who are expected by the Corporation to make significant contribution to the business.

Item 10. Executive Compensation

Summary of annual compensation of Executive Officers (in thousand US$)

	Projected	**A C T U A L**	
	2015	**2014**	**2013**
a) CEO & 4 most highly compensated	168.95	160.90	161.80
James L. Go – Chairman and CEO			
Robert Coyiuto, Jr. – President & COO			
Jeanette Yu – CFO/Treasurer*			
Apollo P. Madrid – SVP-Operations			
Aldrich Javellana – CFO			
Teresita Vasay – Treasurer			
b) All officers as a group	231.30	220.29	223.33

*Ms. Jeanette Yu retired from the company effective October 1, 2014.

c) Compensation of Directors

For 2014, the Company paid a total of US$37,621.43 to its Directors.

d) Standard Arrangements

There are no standard arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed fiscal year and ensuing year.

e) Other Arrangements

There are no other arrangements pursuant to which directors of the Company are compensated, or are to be compensated, directly or indirectly, for any services provided as director for the last completed fiscal year and ensuing year.

f) There are no employment contracts between the registrant and any of its executive officer.

g) There are no compensatory plan or arrangement, including payments to be received from the registrant, with respect to any executive officer, if such plan or arrangement results or will result from the resignation, retirement or any other termination of such executive officer's employment with the registrant and its subsidiaries or from a change in control of the registrant or a change in any executive officer's responsibilities following a change in control and the amount involved, including all periodic payments or installments, which exceeds P2,500,000.

Item 11. Security Ownership of Certain Record and Beneficial Owners

Owners of more than 5% of the Company's securities as of March 31, 2015 were as follows:

Class	Name and Address Record/ Beneficial Owner	Amount and Nature of Ownership (Record and/or beneficial ownership)		Citizenship	% to Total
Common	PCD Nominee Corporation[a] Old Makati Stock Exchange Bldg. Ayala Avenue, Makati City	80,895,240,587	Record	Filipino	40.45%
Common	Consolidated Robina Capital Corp.[b] CFC Bldg., E. Rodriguez Avenue Bagong Ilog, Pasig City	37,051,952,896	Record	Filipino	18.53%
Common	R. Coyiuto Securities, Inc.[c] 5th. Flr., Corinthian Plaza Paseo de Roxas, Makati City	21,643,513,252	Record	Filipino	10.82%
Common	Prudential Guarantee & Assurance Inc. [d] 119C Palanca St. Legaspi Village, Makati City	13,341,635,799	Record	Filipino	6.67%

a. PCD Nominee Corporation, a wholly owned subsidiary of Philippine Central Depository, Inc. ("PCDI"), is the registered owner of the shares in the books of the Company's transfer agents in the Philippines. The beneficial owners of such shares are PCDI's participants, who hold the shares on their behalf, and their clients. PCDI is a private company organized by the major institutions actively participating in the Philippine capital markets to implement an automated book-entry system of handling securities transactions in the Philippines.
b. Consolidated Robina Capital Corporation is a 100% subsidiary of JG Summit Holdings, Inc.
- Any one of the following directors of the Company is authorized to vote: Messrs., John Gokongwei, Jr., James Go, Lance Gokongwei
c. R. Coyiuto Securities, Inc. is majority-owned by Mrs. Rosie Coyiuto
- Any one of the following is authorized to vote: Ms. Rosie Coyiuto, Messrs. Philip K. Rico, Samuel Coyiuto, and James Coyiuto.
- There are no participants in the above corporation who hold more than 5% of OPMC's outstanding capital stock.
d. Prudential Guarantee & Assurance, Inc. is majority-owned by Coyiuto Brothers.
- The Indirect Beneficial Ownership of Coyiuto Brothers in PGA, Inc. is as follows:
  - Mr. Robert Coyiuto, Jr. – 1,216,729 shares
  - Mr. James Coyiuto – 413,012 shares

Security Ownership of Management as of December 31, 2014

Class	Name of Beneficial Owner	Position	Amount and Nature of Ownership (Record and/or beneficial ownership)		Citizenship	% to Total
A. Named Executive Officers[1]						
Common	JAMES L. GO*	Chairman and CEO	1	Beneficial	Filipino	Nil
Common	ROBERT R. COYIUTO, JR.*	Director, President and COO	565,664,986	Beneficial	Filipino	0.28%
Common	ETHELWOLDO E. FERNANDEZ*	SVP for Legal / Corporate Secretary	604,787	Beneficial	Filipino	Nil
Common	APOLLO P. MADRID*	SVP for Operations /Administration	1,812,766	Beneficial	Filipino	Nil
		Sub-total	568,082,540			
B. Other Directors and Executive Officers						
Common	JOHN L. GOKONGWEI, JR.	Director	107,001	Beneficial	Filipino	Nil
Common	JOSEPHINE BARCELON	Director	100,000	Beneficial	Filipino	Nil
Common	ANTONIO GO	Director	1	Beneficial	Filipino	Nil
Common	BENEDICTO COYIUTO	Director	10,000	Beneficial	Filipino	Nil
Common	LANCE Y. GOKONGWEI	Director	1	Beneficial	Filipino	Nil
Common	PERRY L. PE*	Director and Asst. Corporate Secretary	513,621	Beneficial	Filipino	Nil

[1] Chief Executive Officer and three (3) among the five (5) most highly compensated executive officers as of December 31, 2014.
*Company's executive officers.

Common	RICARDO BALBIDO, JR.	Director	100,000	Beneficial	Filipino	Nil
Common	JAMES COYIUTO	Director	1	Beneficial	Filipino	Nil
Common	GABRIEL SINGSON	Director	1	Beneficial	Filipino	Nil
		Sub-total	830,626			
All directors and executive officers as a group unnamed			568,913,166		0.28%	

Voting Trust holders of 5% or More

There are no persons holding more than 5% or a class under a voting trust or similar agreement.

Changes in Control

There has been no change in the control of the registrant since the beginning of its calendar year.

Item 12. Certain Relationships and Related Transactions

There had been no material transactions during the last two years, nor is any material transaction presently proposed, to which the Company was or is to be a party, in which any director or executive officer of the Company or owner of more than 10% of the Company's voting securities, any relative or spouse of any such director or officer who shares the home of such director or executive officer or owner or more than 10% of the Company's voting securities, is involved.

Related Party Transactions as disclosed in the Annual Audited Financial Statements follow:

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Affiliates are related entities of the companies by virtue of common ownership and representation to management where significant influence is apparent.

At the end of 2014, the company had Cash and Cash equivalents maintained at various banks including an affiliated bank, Robinson's Bank. The company likewise, leases an office space from an affiliate that is renewable annually.

PART IV. CORPORATE GOVERNANCE

For discussion on the corporate governance of the Company, please refer to the report "Annual Corporate Governance Report as of April 15, 2015" attached as Annex A.

PART V. EXHIBITS AND SCHEDULES

Item 13. Exhibits and Reports on SEC Form 17-C

(a) Exhibits

None.

(b) Reports on SEC Form 17-C

The following reports on SEC Form 17-C were filed during the last six months period covering this report:

Item 9: Other Matters

1. Disclosure on the Result of Annual Stockholders' Meeting as of June 25, 2014 dated June 27, 2014.

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of __________________ on April ______, 2015.

By:

James L. Go
Chairman of the Board
& Chief Executive Officer

Robert Coyiuto, Jr.
President &
Chief Operating Officer

Aldrich T. Javellana
Chief Financial Officer

Ethelwoldo E. Fernandez
Corporate Secretary

Subscribed and sworn to before me this 15 APR 2015 day of April 2015, affiants executed to me their Community Tax Certificate / Passport as follows:

Name	CTC / Passport Number	Date of Issue	Place of Issue
James L. Go	34572293	27 Jan 2015	Pasig City
Robert Coyiuto, Jr.	2451001	27 Jan 2015	Makati City
Aldrich T. Javellana	EC2220893	26 Sept 2014	DFA NCR Central
Ethelwoldo E. Fernandez	0924281	18 Feb 2015	Taytay

Doc. No. 68;
Page No. 15;
Book No. II;
Series of 2015.

Stella Marie A. Medina
Notary Public for Quezon City
Commission No. NP-183 (2014-2015)
16th Floor, Aurora Tower, Araneta Center, Q.C.
IBP No. 0988635; 01.9.15; Q.C. Chapter
PTR No. 0643080; 01.12.15; Q.C.
Roll No. 50379
MCLE No. IV-0020343; 06.18.13

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
INDEX TO FINANCIAL STATEMENTS

FORM 17-A, ITEM 7

ORIENTAL PETROLEUM AND MINERALS CORPORATION
34th. Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City
☎: 633-7631 to 40, 637-1670 to 79 Extensions 277, 278, 279, 280, 281 • 🖷: 395-2586

SECURITIES AND EXCHANGE COMMISSION
SEC Building, EDSA Greenhills
Mandaluyong, Metro Manila

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Oriental Petroleum and Minerals Corporation is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2014 and 2013, including the schedule of all effective standards and interpretations and schedule of retained earnings available for dividend declaration as at December 31, 2014, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors reviews and approves the financial statements and submits the same to the stockholders.

SyCip, Gorres, Velayo & Co., the independent auditors, appointed by the stockholders for the years December 31, 2014 and 2013, has examined the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such examination.

James L. Go
Chairman of the Board & Chief Executive Officer

Robert Coyiuto, Jr.
President & Chief Operating Officer

Aldrich T. Javellana
Chief Financial Officer

Subscribed and sworn to before me this 15th day of April 2015 in Quezon City, Philippines, affiants exhibited to me their government issued IDs as follows:

Name	Government ID
James L. Go	TIN: 124-294-200
Robert Coyiuto, Jr.	TIN: 104-728-734
Aldrich T. Javellana	Phil. Passport: EC2220893

Doc. No. 69;
Page No. 15;
Book No. II;
Series of 2015.

Stella Marie A. Medina
Notary Public for Quezon City
Commission No. NP-183 (2014-2015)
16th Floor, Aurora Tower, Araneta Center, Q.C.
IBP No. 0988635; 01.9.15; Q.C. Chapter
PTR No. 0643080; 01.12.15; Q.C.
Roll No. 50379
MCLE No. IV-0020843; 06.18.13

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

4 0 0 5 8

Company Name

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

Principal Office (No./Street/Barangay/City/Town/Province)

34th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
N/A	633-7631	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
11,915	June 30	12/31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Ms. Riana Caratay-Infante	Riana.caratay@urc.com.ph	633-7631	N/A

Contact Person's Address

c/o OPMC

Note: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
Oriental Petroleum and Minerals Corporation
34th Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

We have audited the accompanying consolidated financial statements of Oriental Petroleum and Minerals Corporation and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2014 and 2013, and the consolidated statements of income, statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Philippine Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Oriental Petroleum and Minerals Corporation and its subsidiaries as at December 31, 2014 and 2013, and their financial performance and their cash flows for each of the three years in the period ended December 31, 2014 in accordance with Philippine Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 of the consolidated financial statements which discusses the suspension of the production activities in the West Linapacan Oilfield. Among the other operations of the Group, the suspension of the production activities in the West Linapacan Oilfield raises uncertainties as to the profitability of the petroleum operations for the said oilfield. The profitability of petroleum operations related to the said oilfield is dependent upon discovery of oil in commercial quantities that would result from the successful redevelopment activities thereon.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1229-A (Group A),
May 31, 2012, valid until May 30, 2015
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 4751335, January 5, 2015, Makati City

April 14, 2015

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(In U.S. Dollars)

	December 31	
	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 6, 19 and 20)	**$43,566,296**	$35,037,700
Short-term investments (Notes 6 and 20)	**4,965,913**	–
Receivables (Notes 7, 8 and 20)	**2,268,489**	4,328,859
Crude oil inventory	**1,805,730**	2,831,426
Other current assets	**9,609**	10,272
Total Current Assets	**52,616,037**	42,208,257
Noncurrent Assets		
Available-for-sale investments (Notes 9 and 20)	**13,311,120**	9,041,633
Property and equipment (Notes 8 and 10)	**16,639,094**	27,704,901
Deferred exploration costs (Notes 8 and 11)	**599,301**	590,229
Other noncurrent assets	–	1,124
Total Noncurrent Assets	**30,549,515**	37,337,887
	$83,165,552	$79,546,144
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts and other payables (Notes 12 and 20)	**$680,511**	$639,218
Income tax payable	–	12,987
Total Current Liabilities	**680,511**	652,205
Noncurrent Liabilities		
Pension liabilities (Note 16)	**146,977**	56,386
Deferred tax liabilities (Note 17)	**1,565,453**	2,100,142
Total Noncurrent Liabilities	**1,712,430**	2,156,528
	2,392,941	2,808,733
Equity		
Capital stock (Note 13)	**82,268,978**	82,268,978
Subscriptions receivable (Note 13)	**(373,417)**	(374,252)
Capital in excess of par value (Note 13)	**3,650,477**	3,650,477
Deficit	**(5,399,878)**	(9,758,103)
Reserve for fluctuation in value of available-for-sale investments (Note 9)	**517,094**	764,299
Remeasurement gains on pension liability (Note 16)	**152,770**	165,139
Cumulative translation adjustment	**(43,413)**	20,873
Total Equity	**80,772,611**	76,737,411
	$83,165,552	$79,546,144

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(In U.S. Dollars)

	Years Ended December 31		
	2014	2013	2012
REVENUE FROM PETROLEUM OPERATIONS (Note 8)	**$22,558,228**	$15,825,328	$15,355,795
PETROLEUM PRODUCTION COSTS (Note 8)	**6,296,221**	6,809,862	6,016,007
GROSS PROFIT	**16,262,007**	9,015,466	9,339,788
EXPENSES (OTHER INCOME)			
Depletion, depreciation and amortization expenses (Notes 8 and 10)	**12,535,020**	4,113,423	3,214,073
General and administrative expenses (Note 14)	**499,056**	543,966	422,285
Research and development costs	**47,768**	667,840	–
Unrealized foreign exchange losses (gains)	**665,390**	7,456	(931,729)
Interest income (Notes 6 and 19)	**(809,185)**	(750,908)	(782,681)
Other income (Note 15)	**(605,957)**	(698,940)	(1,851,576)
	12,332,092	3,882,837	70,372
INCOME BEFORE INCOME TAX	**3,929,915**	5,132,629	9,269,416
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 17)			
Current	**66,393**	78,249	128,747
Deferred	**(494,703)**	16,337	(525,552)
	(428,310)	94,586	(396,805)
NET INCOME	**$4,358,225**	$5,038,043	$9,666,221
Basic/Diluted Earnings Per Share (Note 18)	**$0.000022**	$0.000025	$0.000048

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In U.S. Dollars)

	Years Ended December 31		
	2014	2013	2012
NET INCOME	**$4,358,225**	$5,038,043	$9,666,221
OTHER COMPREHENSIVE INCOME (LOSS)			
Items to be reclassified to profit or loss in subsequent periods			
Movement in reserve for fluctuation in value of available-for-sale investments (Note 9)	**(247,205)**	(167,504)	319,654
Items not to be reclassified to profit or loss in subsequent periods			
Changes in cumulative translation adjustment	**(64,286)**	34,598	(1,486)
Remeasurement gains (losses) on pension liability - net of tax (Note 16)	**(12,369)**	(3,126)	168,265
	(323,860)	(136,032)	486,433
TOTAL COMPREHENSIVE INCOME	**$4,034,365**	$4,902,011	$10,152,654

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(In U.S. Dollars)

	Capital Stock (Note 13)	Subscriptions Receivable (Note 13)	Capital in Excess of Par Value (Note 13)	Deficit	Reserve for Fluctuation in value of Available-for-Sale Investments (Note 9)	Remeasurement Gains (Losses) on Pension Liability (Note 16)	Cumulative Translation Adjustment	Total
				For the Year Ended December 31, 2014				
Balances as of January 1, 2014	$82,268,978	($374,252)	$3,650,477	($9,758,103)	$764,299	$165,139	$20,873	$76,737,411
Comprehensive income								
Net income	–	–	–	4,358,225	–	–	–	4,358,225
Other comprehensive income	–	–	–	–	(247,205)	(12,369)	(64,286)	(323,860)
Total comprehensive income	–	–	–	4,358,225	(247,205)	(12,369)	(64,286)	4,034,365
Collection of subscription receivable	–	835	–	–	–	–	–	835
Balances as of December 31, 2014	$82,268,978	($373,417)	$3,650,477	($5,399,878)	$517,094	$152,770	($43,413)	$80,772,611

	Capital Stock (Note 13)	Subscriptions Receivable (Note 13)	Capital in Excess of Par Value (Note 13)	Deficit	Reserve for Fluctuation in value of Available-for-Sale Investments (Note 9)	Remeasurement Gains (Losses) on Pension Liability (Note 16)	Cumulative Translation Adjustment	Total
				For the Year Ended December 31, 2013				
Balances as of January 1, 2013	$82,268,978	($374,252)	$3,650,477	($14,796,146)	$931,803	$168,265	($13,725)	$71,835,400
Comprehensive income								
Net income	–	–	–	5,038,043	–	–	–	5,038,043
Other comprehensive loss	–	–	–	–	(167,504)	(3,126)	34,598	(136,032)
Total comprehensive income (loss)	–	–	–	5,038,043	(167,504)	(3,126)	34,598	4,902,011
Balances as of December 31, 2013	$82,268,978	($374,252)	$3,650,477	($9,758,103)	$764,299	$165,139	$20,873	$76,737,411
				For the Year Ended December 31, 2012				
Balances as of January 1, 2012	$82,268,978	($374,252)	$3,650,477	($24,462,367)	$612,149	$–	($12,239)	$61,682,746
Comprehensive income								
Net income	–	–	–	9,666,221	–	–	–	9,666,221
Other comprehensive income	–	–		–	319,654	168,265	(1,486)	486,433
Total comprehensive income	–	–	–	9,666,221	319,654	168,265	(1,486)	10,152,654
Balances as of December 31, 2012	$82,268,978	($374,252)	$3,650,477	($14,796,146)	$931,803	$168,265	($13,725)	$71,835,400

See accompanying Notes to Consolidated Financial Statements.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In U.S. Dollars)

	Years Ended December 31		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**$3,929,915**	$5,132,629	$9,269,416
Adjustments for:			
Depletion, depreciation and amortization expenses (Notes 8 and 10)	**12,535,020**	4,113,423	3,214,073
Unrealized foreign exchange loss (gain)	**665,390**	(45,391)	(931,729)
Interest income (Notes 6 and 19)	**(809,185)**	(750,908)	(782,681)
Movement in pension liability (Note 16)	**8,237**	59,537	21,087
Dividend income (Note 15)	**(579,786)**	(710,180)	(599,989)
Loss (gain) on disposal of available-for-sale investments (Notes 9 and 15)	**–**	11,240	(1,251,587)
Operating income before working capital changes	**15,749,591**	7,810,350	8,938,590
Changes in operating assets and liabilities			
Decrease (increase) in:			
Short-term invesments	**(4,965,913)**	–	–
Receivables	**2,094,232**	580,382	174,426
Crude oil inventory	**1,025,696**	1,184,384	(4,015,810)
Other current assets	**663**	59	(289)
Other noncurrent assets	**1,124**	93	–
Increase in accounts and other payables	**3,742**	28,188	(5,309)
Net cash flows generated from operations	**13,909,135**	9,603,456	5,091,608
Income tax paid	**(79,380)**	(26,861)	(103,726)
Net cash flows provided by operating activities	**13,829,755**	9,576,595	4,987,882
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment (Note 10)	**(1,469,213)**	(13,395,628)	(2,068,123)
Additions to deferred exploration costs (Note 11)	**(9,072)**	(28,028)	(2,869)
Proceeds from sale of available-for-sale investments (Note 9)	**–**	4,849,803	1,915,282
Interest received	**774,600**	687,233	754,548
Dividends received (Note 15)	**579,786**	710,180	599,989
Acquisitions of available-for-sale investments (Note 9)	**(4,544,216)**	(4,473,203)	(2,585,659)
Net cash flows used in investing activities	**(4,668,115)**	(11,649,643)	(1,386,832)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of subscription receivable	**835**	–	–
EFFECTS OF CUMULATIVE TRANSLATION ADJUSTMENT	**(79,972)**	34,598	(1,486)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(553,907)**	(11,666)	452,148
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**8,528,596**	(2,050,116)	4,051,712
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**35,037,700**	37,087,816	33,036,104
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 6)	**$43,566,296**	$35,037,700	$37,087,816

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information and Status of Operations

Oriental Petroleum and Minerals Corporation (the Parent Company) and its subsidiaries (collectively referred to as "the Group") were organized under the laws of the Republic of the Philippines to engage in oil exploration and development activities. The Parent Company was incorporated on December 22, 1969.

The Parent Company's principal office is located at 34th Floor, Robinsons Equitable Tower, ADB Avenue, Ortigas Center, Pasig City. The Parent Company was listed in the Philippine Stock Exchange (PSE) on October 14, 1970.

The Group is 19.4% owned by JG Summit Holdings, Inc. (JGHSI), the ultimate parent company.

Service Contract (SC) 14

On December 15, 1975, pursuant to Section 7 of the Oil Exploration and Development Act of 1972 (Presidential Decree 87 dated November 21, 1972), the Group, together with other participants (collectively referred to as the Consortium), entered into a service contract with the Philippine Government through the Petroleum Board, now the Department of Energy (DOE) for the exploration, exploitation and development of the contract area in Northwest offshore Palawan, Philippines, which was amended from time to time. This contract area includes the Nido, Matinloc, West Linapacan and Galoc Field where significant hydrocarbon deposits were discovered.

The contract areas (i.e., Blocks A, B, C and D) covered by SC 14 are situated offshore Northwest of Palawan Island, Philippines. Crude oil production in the West Linapacan Oilfield in Block C of SC 14 was suspended in 1999 due to a significant decline in crude oil production caused by increasing water intrusion. However, the Parent Company participates in the production of other fields, including Nido, Galoc and Matinloc. Total production from these fields is modest but enough to cover operating and overhead expenses of SC 14.

In 2014 and 2013, production activities continued in Blocks A, B, B1 and C of SC 14. The Galoc oilfield located in Block C was declared commercial on June 22, 2009 with effectivity on June 19, 2009. Block D remains a retained area.

In December 2010, the DOE extended the term of SC 14 for another 15 years or up to December 17, 2025.

SC 14 - Galoc

Farm-in Agreement (FA)

On September 23, 2004, Team Oil (TEAM) and Cape Energy (CAPE) entered into a FA with the SC - 14C - Galoc joint venture partners for the development of the Galoc Field. The FA was concluded in a Deed of Assignment (DA) dated August 22, 2005 where TEAM and CAPE designated Galoc Production Company (GPC) as the special purpose company to accept the assigned participating interest and to act as the Operator of the Galoc production area.

Under the FA and DA, GPC will pay 77.721% of the cost to develop the Galoc Field in exchange for a 58.291% participating interest in the area. Other significant terms and conditions of the Agreements follow:

1) That GPC, together with the other paying party, Nido Petroleum Philippines, Pty. Ltd. (Nido Petroleum), be allowed to first recover their share of the development cost from crude oil sales proceeds from the Galoc Field after production expenses.
2) That GPC will be assigned its pro-rata share of the $68 million historical cost recovery of the Galoc block equivalent to $33 million to be recovered pursuant to the terms of the Block C agreement below.

3) That GPC will reimburse the joint venture partners (except GPC and Nido Petroleum) for expenditures previously incurred in relation to the Galoc Field as follows:

   a) $1.5 million payable out of 50% of GPC's share of the Filipino Participation Incentive Allowance (FPIA); and

   b) $1.5 million payable upon reaching a cumulative production of 35 million barrels of oil from the Galoc Field.

On July 1, 2009, GPC and the other joint venture partners purchased additional interest in the field from Petroenergy Resources Corporation (Petroenergy) and Alcorn Gold Resources Corporation (AGRC).

As of December 31, 2014 and 2013, the Consortium consists of the Parent Company (5.105%), GPC (59.845%), Nido Petroleum (22.880%), Philodrill Corporation (Philodrill) (7.215%), Forum Energy Philippines Corporation (2.276%), and Linapacan Oil Gas and Power Corporation (LOGPOCOR) (2.680%).

Extended Production Test (EPT) Agreement

On August 10, 2006, an EPT agreement was made and entered into by the DOE and GPC and its partners (referred to as "contractors" under the EPT agreement). The purpose of the EPT is to obtain dynamic performance data for the Galoc reservoir and to confirm the presence and continuity of at least two significant channel sandbodies by undertaking an EPT of a well designed to prove each channel.

In consideration of the risk and undertaking assumed by the contractor under the EPT agreement, the contractor shall market crude produced and saved from the EPT and is allowed to retain the gross proceeds for the recovery of 100% of all operating expenses incurred in the EPT. Any amount of gross proceeds in excess of the cost of the EPT shall be subject to 60-40 sharing in favor of the Philippine Government.

The duration of the EPT is a minimum of 90 days of actual crude flow from at least one well excluding delays which arise from breakdowns, repairs or replacements, well conditions or other conditions. The EPT will be terminated upon the earliest of 182 days of actual crude production or when sufficient data has been obtained or viability of the Galoc Field has been established by the contractors in conjunction with the DOE.

On termination, the contractors shall either declare commerciality of the field and commit to undertake development, or declare the field to be noncommercial for further development or production and commence abandonment and demobilization of the EPT facilities.

The EPT period ended on June 18, 2009.

Joint Operating Agreement (JOA)
On September 12, 2006, the Consortium entered into a JOA, amending the existing JOA, for the purpose of regulating the joint operations in the Galoc Block. The JOA shall continue for as long as:

1) the provisions in SC 14 in respect of the Galoc Block remain in force;
2) until all properties acquired or held for use in connection with the joint operations has been disposed of and final settlement has been made between the parties in accordance with their respective rights and obligations in the Galoc Block; and
3) without prejudice to the continuing obligations of any provisions of the JOA which are expressed to or by their natures would be required to apply after such final settlement.

Block C Agreement
In 2006, Block C Agreement was entered into by the consortium members (the Galoc Block Owners) of SC 14C - Galoc to specify gross proceeds allocation as well as the rights and obligations relating to their respective ownership interest in the Galoc Block (the "Galoc Contract Area Rights") and their respective ownership interest in the Remaining Block (except for GPC).

The agreement also clarifies how GPC and Philodrill, which are the designated Operator of the Galoc Block and the Remaining Block, respectively, shall work together to perform their obligations and exercise their rights as Operator.

The Allocation of Contract Area Rights under Section 3 of the Block C Agreement provides that:

1) GPC shall be entitled to the FPIA, Production Allowance, Recovery of Operating Expenses and the Net Proceeds of the SC 14 insofar as it relates to the Galoc Block.

2) The portion of the Galoc Contract Area Rights allocable as FPIA, Production Allowance and Net Proceeds shall be distributed as follows:

    a) GPC shall be allocated an amount equal to its participating interest in the Galoc Block which is currently 58.291%.

    b) Nido Petroleum and Philodrill shall be allocated an amount equal to 17.500% and 4.375%, respectively.

    c) The balance of 19.834% shall be allocated to the Remaining Block (except GPC) in accordance with number 5 below.

3) The portion of the Galoc Contract Area Rights allocable to recovery of operating expenses (the reimbursement amount) shall be distributed as follows:

    a) First, an amount equal to the operating expenses incurred by the Galoc Block Owners in respect of production costs on and from the date of the 2nd Galoc well being brought on stream shall be allocated to each Galoc Block Owner in accordance with each Galoc Block Owner's participating interest.

    b) Second, an amount equal to the operating expenses incurred by GPC and Nido Petroleum in respect of the Galoc Block (excluding the $68 million historical cost assigned to the

Galoc Block pursuant to the FA) shall be allocated 77.721% to GPC and the balance of 22.279% to Nido Petroleum.

c) Third, any reimbursement amount remaining after applying the provisions of 3a and 3b above shall be allocated 58.291% to GPC, 17.500% to Nido Petroleum, 4.375% to Philodrill and 19.834% to the Galoc Block Owners (except GPC but including Nido Petroleum and Philodrill only in relation to its remaining 4.779% interest and its 2.022% interest in the Galoc Block, respectively) until all the Galoc Block Owners have received in aggregate a total of $34 million in accordance with this provision. The 19.834% allocated to the Galoc Block Owners (except GPC) shall be distributed by GPC in accordance with number 5 below.

d) Fourth, any reimbursement amount remaining after applying the provisions of 3a, 3b and 3c above shall be allocated 38.861% to GPC, 17.500% to Nido Petroleum and the balance of 43.639% to the Galoc Block Owners (except GPC but including Nido Petroleum only in relation to its remaining 4.779% interest in the Galoc Block) until all the Galoc Block Owners have received in aggregate a total of $34 million in accordance with this provision. The 43.639% allocated to the Galoc Block Owners (except GPC) shall be distributed by GPC in accordance with number 5 below.

4) After the provisions in Clause 3.3 of the Block C Agreement (as detailed in number 3 above) have been satisfied, all the Galoc Block Owners shall share the reimbursement amount in accordance with each Galoc Block Owner's participating interest as follows:

a) GPC, Nido Petroleum and Philodrill shall receive 58.291%, 17.500% and 4.375%, respectively; and

b) The balance of 19.834% shall be distributed by GPC to the Galoc Block Owners (except Galoc but including Nido Petroleum and Philodrill only in relation to its remaining 4.779% interest and its 2.022% interest in the Galoc Block, respectively) in accordance with Clause 5 of the Block C Agreement (see number 5 below).

5) All amounts due to the Galoc Block Owners (except GPC) pursuant to Clauses 3.2, 3.3c, 3.3d and 3.4 (see numbers 2, 3c, 3d and 4 above) (the "Outstanding Balance"), shall be distributed by GPC in accordance with written instructions to distribute the Outstanding Balance authorized by all the other Galoc Block Owners.

Effective July 1, 2009, the amount allocated to Petroenergy and AGRC in accordance with the Block C agreement shall be allocated to the remaining partners in accordance with the amount of additional interest they have purchased from Petroenergy and AGRC. The additional interest purchased are as follows: Nido Petroleum (0.60052%), Philodrill (0.19745%), Parent Company (0.13970%) and LOGPOCOR (0.07335%).

The Block C agreement shall terminate when SC 14 terminates.

Lifting Agreement

In 2008, GPC and its partners entered into a lifting agreement which provides for the lifting procedures to be applied by GPC to ensure that:

1) each lifter is able to lift its Lifting Entitlement on a timely basis;
2) each lifter receives its Actual Lifting Proceeds;
3) overlift and underlift position of each party are monitored and settled;
4) each lifter pays its Actual Lifting Deduction Payment to the GPC; and

5) GPC has sufficient funds in the Joint Account to pay the Philippine Government and the Filipino Group Entitlement.

The terms of the Block C Agreement shall prevail in the event of a conflict with the terms of this agreement.

The agreement shall terminate when SC 14 terminates unless terminated earlier by the unanimous written agreement by the parties.

Decommissioning Agreement (DA)
On December 12, 2008, GPC and its partners entered into a DA which provides for the terms upon which the wells, offshore installations, offshore pipelines and the Floating Production Storage and Offloading (FPSO) facility used in connection with the joint operations in respect of the Galoc Development shall be decommissioned and abandoned in accordance with the laws of the Philippines, including all regulations issued pursuant to the Oil Exploration and Development Act of 1972.

In accordance with the DA, each party has a liability to fund a percentage of the decommissioning costs (to be determined at a later date), which shall be equal to the party's percentage interest. The funding of the decommissioning costs shall commence on the date ("Funding Date") GPC issues a written notice to the DOE after completion of the EPT, specifying the date of commencement of commercial operations of the Galoc Block. The decommissioning cost, as funded, shall be kept in escrow with a bank of international standing and repute to be appointed by GPC.

The DA shall terminate when SC 14 terminates.

As of December 31, 2014, the Group has funded $0.02 million of its share in the decommissioning liability.

SC-14C - West Linapacan
A farm-in agreement was signed in May 2008 with Pitkin Petroleum Plc. The agreement requires the farm-in party /Farminee to carry out, at its own cost, technical studies, drill a well or wells, and redevelop the West Linapacan-A oilfield. In return, Pitkin Petroleum Plc. will earn 75% interest out of the share of the farming-out parties/Farmors. Pitkin assumed the role as Operator of the block. The farming-out parties / Farmors are carried free up to commercial "first oil" production.

Pitkin Petroleum Plc. will have earned 58.29% interest after fulfilling their work obligations. In February 2011, Pitkin farmed-out half of the 58.29% interest to Resources Management Associates Pty Ltd. of Australia (RMA). This transfer of interest was approved by the Department of Energy (DOE) in July 2011. The transfer of operatorship to RMA was approved by the DOE in April 2012. The Farmors continued to be carried free up to commercial first oil production.RMA carried technical studies that will lead to the drilling and re-development of the West Linapacan-A structure. An independent third party assessment was also commissioned to determine the range of recoverable reserves from the structure.

In 2014, preparations were made to drill a well with spud-in date no later than end December 2014. However, there was difficulty in raising the necessary funding for the drilling operations. Starting the second half of 2014, prices of crude oil world wide started to dramatically decline. This decline continued up to the end of the year.

Participating Interests
As of December 31, 2014 and 2013, the Parent Company and LOGPOCOR have the following participating interests in the various SCs:

	2014	2013
	(In Percentage)	
SC 14 (Northwest Palawan)		
Block A (Nido)	**42.940**	42.940
Block B (Matinloc)	**17.703**	17.703
Block B-1 (North Matinloc)	**27.772**	27.772
Block C (West Linapacan)	**7.572**	7.572
Block C (Galoc)	**7.785**	7.785
Block D	**20.829**	20.829
SC 6 (Bonita)	**14.063**	14.063

Among the other operations of the Group, the suspension of the production activities in the West Linapacan Oilfield raises uncertainties as to the profitability of the petroleum operations for the said oilfield. The profitability of petroleum operations related to the said oilfield is dependent upon discoveries of oil in commercial quantities as a result of the success of redevelopment activities thereof.

2. Basis of Preparation

The accompanying consolidated financial statements of the Parent Company and its wholly-owned subsidiaries, LOGPOCOR, Oriental Mahogany Woodworks, Inc. (OMWI) and Oriental Land Corporation (OLC), collectively referred to as the "Group", which include the share in the assets, liabilities, income and expenses of the joint operations covered by the SCs as discussed in Note 1 to the consolidated financial statements, have been prepared on a historical cost basis, except for available-for-sale (AFS) investments and crude oil inventory that have been measured at fair value.

The consolidated financial statements are presented in U.S. Dollars, the Parent Company's functional currency. Amounts are adjusted to the nearest dollar unless otherwise indicated.

Statement of Compliance
The accompanying consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31 of each year. The subsidiaries are all incorporated in the Philippines.

The financial statements of LOGPOCOR, OMWI and OLC are prepared for the same reporting year as the Parent Company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full.

A subsidiary is fully consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continues to be consolidated until the date such control ceases. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls a subsidiary if and only if the Group has:

a.) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
b.) Exposure, or rights, to variable returns from its involvement with the investee, and
c.) The ability to use its power over the investee to affect its returns

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

a.) The contractual arrangement with the other vote holders of the investee
b.) Rights arising from other contractual arrangements
c.) The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

3. **Changes in Accounting Policies and Disclosures**

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after January 1, 2014. However, they do not impact the annual consolidated financial statements of the Group.

The nature and impact of each new standard and amendment is described below:

- Investment Entities (Amendments to PFRS 10, *Consolidated Financial Statements*, PFRS 12, *Disclosure of Interests in Other Entities*, and PAS 27, *Separate Financial Statements*)
  These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under PFRS 10. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. The amendments must be applied retrospectively, subject to certain transition relief. These amendments have no impact to the Group, since none of the entities within the Group qualifies to be an investment entity under PFRS 10.

- PAS 32, *Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities* (Amendments)
  These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting and are applied retrospectively. These amendments have no impact on the Group, since none of the entities in the Group has any offsetting arrangements

- PAS 39, *Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting* (Amendments)
  These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria and retrospective

application is required. These amendments have no impact on the Group as the Group has no derivatives during the current or prior periods.

- PAS 36, *Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets* (Amendments)
  These amendments remove the unintended consequences of PFRS 13, *Fair Value Measurement*, on the disclosures required under PAS 36. In addition, these amendments require disclosure of the recoverable amounts for assets or cash-generating units (CGUs) for which impairment loss has been recognized or reversed during the period. The application of these amendments has no material impact on the disclosure in the Group's consolidated financial statements.

- Philippine Interpretation IFRIC 21, *Levies* (IFRIC 21)
  IFRIC 21 clarifies that an entity recognizes a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. Retrospective application is required for IFRIC 21. This interpretation has no impact on the Group as it has applied the recognition principles under PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, consistent with the requirements of IFRIC 21 in prior years.

Annual Improvements to PFRSs (2010-2012 cycle)
In the 2010 - 2012 annual improvements cycle, seven amendments to six standards were issued, which included an amendment to PFRS 13, *Fair Value Measurement*. The amendment to PFRS 13 is effective immediately and it clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. This amendment has no impact on the Group.

Annual Improvements to PFRSs (2011-2013 cycle)
In the 2011 - 2013 annual improvements cycle, four amendments to four standards were issued, which included an amendment to PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards–First-time Adoption of PFRS*. The amendment to PFRS 1 is effective immediately. It clarifies that an entity may choose to apply either a current standard or a new standard that is not yet mandatory, but permits early application, provided either standard is applied consistently throughout the periods presented in the entity's first PFRS financial statements. This amendment has no impact on the Group as it is not a first time PFRS adopter.

<u>Standards Issued But Not Yet Effective</u>
The Group has not applied the following PFRS, PAS and Philippine Interpretations which are not yet effective as of December 31, 2014. This list consists of standards and interpretations issued, which the Group reasonably expects to be applicable at a future date. The Group intends to adopt those standards when they become effective.

- PFRS 9, *Financial Instruments* – Classification and Measurement (2010 version)
  PFRS 9 (2010 version) reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, *Financial Instruments: Recognition and Measurement*. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of

principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through other comprehensive income (OCI) or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

PFRS 9 (2010 version) is effective for annual periods beginning on or after January 1, 2015. This mandatory adoption date was moved to January 1, 2018 when the final version of PFRS 9 was adopted by the Philippine Financial Reporting Standards Council (FRSC). Such adoption, however, is still for approval by the Board of Accountancy (BOA).

In compliance with SEC Memorandum Circular No. 3, series of 2012, the Company has conducted a study on the impact of an early adoption of PFRS 9. After a careful consideration of the results on the impact evaluation, the Company has decided not to early adopt PFRS 9 for its 2014 annual financial reporting. Therefore, these financial statements do not reflect the impact of the said standard.

- Philippine Interpretation IFRIC 15, *Agreements for the Construction of Real Estate*
  This interpretation covers accounting for revenue and associated expenses by entities that undertake the construction of real estate directly or through subcontractors. The SEC and the FRSC have deferred the effectivity of this interpretation until the final Revenue standard is issued by the IASB and an evaluation of the requirements of the final Revenue standard against the practices of the Philippine real estate industry is completed. Adoption of the interpretation when it becomes effective will not have any impact on the financial statements of the Group as the Group ceased to be in the real estate business.

The following new standards and amendments issued by the IASB were already adopted by the FRSC but are still for approval by BOA.

Effective January 1, 2015

- PAS 19, *Employee Benefits - Defined Benefit Plans: Employee Contributions* (Amendments)
  PAS 19 requires an entity to consider contributions from employees or third parties when accounting for defined benefit plans. Where the contributions are linked to service, they should be attributed to periods of service as a negative benefit. These amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognize such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. This amendment is effective for annual periods beginning on or after January 1, 2015. It is not expected that this amendment would be relevant to the Group, since none of the entities within the Group has defined benefit plans with contributions from employees or third parties.

Annual Improvements to PFRSs (2010-2012 cycle)
The Annual Improvements to PFRSs (2010-2012 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

- PFRS 2, *Share-based Payment - Definition of Vesting Condition*
  This improvement is applied prospectively and clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including:
  - A performance condition must contain a service condition
  - A performance target must be met while the counterparty is rendering service
  - A performance target may relate to the operations or activities of an entity, or to those of another entity in the same group
  - A performance condition may be a market or non-market condition
  - If the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied.

  This amendment will not have an impact since the Group has no share-based payment.

- PFRS 3, *Business Combinations - Accounting for Contingent Consideration in a Business Combination*
  The amendment is applied prospectively for business combinations for which the acquisition date is on or after July 1, 2014. It clarifies that a contingent consideration that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of PAS 39, *Financial Instruments: Recognition and Measurement* (or PFRS 9, *Financial Instruments*, if early adopted). The Group shall consider this amendment for future business combinations.

- PFRS 8, *Operating Segments - Aggregation of Operating Segments and Reconciliation of the Total of the Reportable Segments' Assets to the Entity's Assets*
  The amendments are applied retrospectively and clarify that:
  - An entity must disclose the judgments made by management in applying the aggregation criteria in the standard, including a brief description of operating segments that have been aggregated and the economic characteristics (e.g., sales and gross margins) used to assess whether the segments are 'similar'.
  - The reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities.

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Revaluation Method - Proportionate Restatement of Accumulated Depreciation and Amortization*
  The amendment is applied retrospectively and clarifies in PAS 16 and PAS 38 that the asset may be revalued by reference to the observable data on either the gross or the net carrying amount. In addition, the accumulated depreciation or amortization is the difference between the gross and carrying amounts of the asset. The amendment will have no significant impact on the Group's consolidated financial position or performance as the Group do not use revaluation model in measuring its property and equipment.

- PAS 24, *Related Party Disclosures - Key Management Personnel*
  The amendment is applied retrospectively and clarifies that a management entity, which is an entity that provides key management personnel services, is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to

disclose the expenses incurred for management services. This amendment does not apply to the Group as it has no management entity.

Annual Improvements to PFRSs (2011-2013 cycle)
The Annual Improvements to PFRSs (2011-2013 cycle) are effective for annual periods beginning on or after January 1, 2015 and are not expected to have a material impact on the Group. They include:

- PFRS 3, *Business Combinations - Scope Exceptions for Joint Arrangements*
  The amendment is applied prospectively and clarifies the following regarding the scope exceptions within PFRS 3:
  - Joint arrangements, not just joint ventures, are outside the scope of PFRS 3.
  - This scope exception applies only to the accounting in the financial statements of the joint arrangement itself.

  The amendment will have no impact on the Group's consolidated financial position or performance.

- PFRS 13, *Fair Value Measurement - Portfolio Exception*
  The amendment is applied prospectively and clarifies that the portfolio exception in PFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of PAS 39 (*or PFRS 9, as applicable*). The amendment will have no significant impact on the Group's consolidated financial position or performance.

- PAS 40, *Investment Property*
  The amendment is applied prospectively and clarifies that PFRS 3, and not the description of ancillary services in PAS 40, is used to determine if the transaction is the purchase of an asset or business combination. The description of ancillary services in PAS 40 only differentiates between investment property and owner-occupied property (i.e., property, plant and equipment). These amendments will not have any impact on the Group's consolidated financial statements.

Effective January 1, 2016

- PAS 16, *Property, Plant and Equipment*, and PAS 38, *Intangible Assets - Clarification of Acceptable Methods of Depreciation and Amortization* (Amendments)
  The amendments clarify the principle in PAS 16 and PAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortize intangible assets. The amendments are effective prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

- PAS 16, *Property, Plant and Equipment*, and PAS 41, *Agriculture - Bearer Plants* (Amendments)
  The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of PAS 41. Instead, PAS 16 will apply. After initial recognition, bearer plants will be measured under PAS 16 at accumulated cost (before

maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of PAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, PAS 20, *Accounting for Government Grants and Disclosure of Government Assistance*, will apply. The amendments are retrospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group as the Group does not have any bearer plants.

- PAS 27, *Separate Financial Statements - Equity Method in Separate Financial Statements* (Amendments)
  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying PFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of PFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to PFRS. The amendments are effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments will not have any impact on the Group's consolidated financial statements.

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures* - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
  These amendments address an acknowledged inconsistency between the requirements in PFRS 10 and those in PAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments are effective from annual periods beginning on or after 1 January 2016. The amendment will have no significant impact on the Group's consolidated financial position or performance given that the Group is not involved in sale or contribution of assets with its investor or with an associate or joint venture.

- PFRS 11, *Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operations* (Amendments)
  The amendments to PFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant PFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to PFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

  The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after January 1, 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group since the Group was not involved in acquisitions of interests in joint operations.

- PFRS 14, *Regulatory Deferral Accounts*
  PFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of PFRS. Entities that adopt PFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. PFRS 14 is effective for annual periods beginning on or after January 1, 2016. Since the Group is an existing PFRS preparer, this standard would not apply.

Annual Improvements to PFRSs (2012-2014 cycle)
The Annual Improvements to PFRSs (2012-2014 cycle) are effective for annual periods beginning on or after January 1, 2016 and are not expected to have a material impact on the Group. They include:

- PFRS 5, *Non-current Assets Held for Sale and Discontinued Operations - Changes in Methods of Disposal*
  The amendment is applied prospectively and clarifies that changing from a disposal through sale to a disposal through distribution to owners and vice-versa should not be considered to be a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in PFRS 5. The amendment also clarifies that changing the disposal method does not change the date of classification. Since the Group has no non-current assets held for sale and discontinued operations, this amendment is not expected to have impact to the Group's consolidated financial statements.

- PFRS 7, *Financial Instruments: Disclosures -Servicing Contracts*
  PFRS 7 requires an entity to provide disclosures for any continuing involvement in a transferred asset that is derecognized in its entirety. The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance in PFRS 7 in order to assess whether the disclosures are required. The amendment is to be applied such that the assessment of which servicing contracts constitute continuing involvement will need to be done retrospectively. However, comparative disclosures are not required to be provided for any period beginning before the annual period in which the entity first applies the amendments. The amendment is not expected to have material impact to the Group's financial statements given that the Group has no transfers of financial asset qualified for derecognition in its entirety and retains the right to service the financial asset for a fee.

- PFRS 7 - *Applicability of the Amendments to PFRS 7 to Condensed Interim Financial Statements*
  This amendment is applied retrospectively and clarifies that the disclosures on offsetting of financial assets and financial liabilities are not required in the condensed interim financial report unless they provide a significant update to the information reported in the most recent annual report. This is amendment is not expected to have material impact to the Group since the Group does not offset its financial assets against financial liabilities.

- PAS 19, *Employee Benefits - regional market issue regarding discount rate*
  This amendment is applied prospectively and clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated,

rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. The Group does not expect this amendment to have material impact to the Group's financial statements.

- PAS 34, *Interim Financial Reporting - disclosure of information 'elsewhere in the interim financial report'*
  The amendment is applied retrospectively and clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the greater interim financial report (e.g., in the management commentary or risk report). The amendment will have no significant impact on the Group's consolidated financial position or performance.

Effective January 1, 2018

- PFRS 9, *Financial Instruments* - Hedge Accounting and amendments to PFRS 9, PFRS 7 and PAS 39 (2013 version)
  PFRS 9 (2013 version) already includes the third phase of the project to replace PAS 39 which pertains to hedge accounting. This version of PFRS 9 replaces the rules-based hedge accounting model of PAS 39 with a more principles-based approach. Changes include replacing the rules-based hedge effectiveness test with an objectives-based test that focuses on the economic relationship between the hedged item and the hedging instrument, and the effect of credit risk on that economic relationship; allowing risk components to be designated as the hedged item, not only for financial items but also for non-financial items, provided that the risk component is separately identifiable and reliably measurable; and allowing the time value of an option, the forward element of a forward contract and any foreign currency basis spread to be excluded from the designation of a derivative instrument as the hedging instrument and accounted for as costs of hedging. PFRS 9 also requires more extensive disclosures for hedge accounting.

  PFRS 9 (2013 version) has no mandatory effective date. The mandatory effective date of January 1, 2018 was eventually set when the final version of PFRS 9 was adopted by the FRSC. The adoption of the final version of PFRS 9, however, is still for approval by BOA.

  The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

- PFRS 9, *Financial Instruments* (2014 or final version)
  In July 2014, the final version of PFRS 9, *Financial Instruments*, was issued. PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. PFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of PFRS 9 is permitted if the date of initial application is before February 1, 2015.

  The adoption of PFRS 9 is not expected to have any significant impact on the Group's consolidated financial statements.

The following new standard issued by the IASB has not yet been adopted by the FRSC

- IFRS 15 Revenue from Contracts with Customers
  IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date once adopted locally.

4. Summary of Significant Accounting Policies

Revenue Recognition
Revenue is recognized to the extent that it is probable that the economic benefits associated with the transaction will flow to the Group and the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The Group assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as principal in all its revenue agreements. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from petroleum operation
Revenue from producing oil wells is recognized as income at the time of production.

Interest income
Interest income is recognized as it accrues using the effective interest method, the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of that financial asset.

Dividend income
Dividend income is recognized when the Group's right to receive payment is established.

Cost and Expenses
Cost of services and general and administrative expenses are recognized in profit or loss when decrease in future economic benefits related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. These are recognized:

(a) on the basis of a direct association between the costs incurred and the earning of specific items of income;
(b) on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association can only be broadly or indirectly determined; or
(c) immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the consolidated statement of financial position as an asset.

Petroleum Production Cost
Petroleum production cost represents costs that are directly attributable in recognizing oil revenue.

Fair Value Measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Financial Instruments
Date of recognition
The Group recognizes a financial asset or a financial liability in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument. Purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place are recognized on the settlement date.

Initial recognition of financial instruments
Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). Except for financial instruments at fair value through

profit or loss (FVPL), the initial measurement of financial assets and liabilities includes transaction costs.

Financial instruments within the scope of PAS 39 are classified as either financial assets or liabilities at FVPL, loans and receivables, held-to-maturity (HTM) investments, AFS financial assets and other financial liabilities, as appropriate. The classification depends on the purpose for which the investments were acquired and whether they are quoted in an active market. The Group determines the classification of its financial instruments at initial recognition and, where allowed and appropriate, re-evaluates this designation at every reporting date.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity net of any related income tax benefits.

As of December 31, 2014 and 2013, the Group has no financial assets and liabilities at FVPL and HTM investments.

Day 1 difference
Where the transaction price in a non-active market is different to the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable markets, the Group recognizes the difference between the transaction price and fair value (a Day 1 difference) in the consolidated statement of income unless it qualifies for recognition as some other type of asset. In cases where use is made of data which is not observable, the difference between the transaction price and model value is only recognized in the consolidated statement of income when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' difference amount.

Loans and receivables
Loans and receivables are nonderivative financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. They are not entered into with the intention of immediate or short-term resale and are not designated as AFS financial assets or financial assets at FVPL.

After initial measurement, the loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortization is included in the interest income in the consolidated statement of income. The losses arising from impairment of such loans and receivables are recognized in the consolidated statement of income.

The Group's loans and receivables include cash and cash equivalents, short-term investments and receivables.

AFS investments
AFS investments are those non derivative financial assets that are designated as such or do not qualify as financial assets at FVPL, HTM investments or loans and receivables. They are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions. They include government securities, equity investments and other debt instruments.

After initial measurement, AFS investments are measured at fair value with unrealized gains or losses being recognized directly in the consolidated statement of comprehensive income as "Reserve for fluctuation in value of AFS investments". When the investment is disposed of, the cumulative gain or loss previously recorded in equity is recognized in the consolidated statement of income. Interest earned or paid on the investments is reported as interest income or expense using the effective interest rate (EIR). Dividends earned on investments are recognized in the consolidated statement of income when the right to receive has been established.

As of December 31, 2014 and 2013, the Group has available-for-sale investments amounting to $13.31 million and $9.04 million, respectively (see Note 9).

Other financial liabilities
Issued financial instruments or their components, which are not designated as FVPL are classified as other financial liabilities, where the substance of the contractual arrangement results in the Group having an obligation either to deliver cash or another financial asset to the holder, or to satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

After initial measurement, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount of premium on the issue and fees that are an integral part of the EIR. Any effects on restatement of foreign currency-denominated liabilities are recognized in the consolidated statement of income.

The Group's other financial liabilities include accounts and other payables.

<u>Classification of Financial Instruments Between Debt and Equity</u>
A financial instrument is classified as debt, if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Group; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Group does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount, after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

<u>Impairment of Financial Assets</u>
The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the borrower or a group of borrowers is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Loans and receivables
The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial assets' original EIR (i.e., the EIR computed at initial recognition). The carrying amount of the asset is reduced through use of an allowance account. The amount of the loss shall be recognized in consolidated statement of income during the period in which it arises.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed. Any subsequent reversal of an impairment loss is recognized in the consolidated statement of income, to the extent that the carrying value of the asset does not exceed the amortized cost at the reversal date.

AFS investments carried at cost
If there is an objective evidence that an impairment loss has occurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be measured reliably, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

AFS investments carried at fair value
In the case of equity investments classified as AFS, impairment indicators would include a significant or prolonged decline in the fair value of the investments below its cost. Where there is evidence of impairment, the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in the consolidated statement of income, is removed from other comprehensive income and recognized in consolidated statement of income. Impairment losses on equity investments are not reversed through the consolidated statement of income. Increases in fair value after impairment are recognized directly in other comprehensive income.

In the case of debt instruments classified as AFS, impairment is assessed based on the same criteria as financial assets carried at amortized cost. Future interest income is based on the reduced carrying amount and is accrued using the rate of interest used to discount future cash flows for the purpose of measuring impairment loss and is recorded as part of "Other income" in the consolidated statement of income. If, in subsequent year, the fair value of a debt instrument increased and the increase can be objectively related to an event occurring after the impairment loss was recognized in the consolidated statement of income, the impairment loss is reversed through the consolidated statement of income.

Derecognition of Financial Assets and Liabilities

Financial asset

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risk and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial liability

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or has expired.

Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of income.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Cash and Cash Equivalents

Cash includes cash on hand and in banks. Cash in banks earn interest at the prevailing bank deposit rates. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three (3) months or less from date of placements and that are subject to insignificant risk of change in value.

Crude Oil Inventory

Crude oil inventory is valued at the prevailing market price at the time of production.

Property and Equipment
Transportation equipment and office furniture and equipment are carried at cost less accumulated depreciation and any impairment in value.

Wells, platforms and other facilities are carried at cost less accumulated depletion and any impairment in value.

The initial cost of property and equipment, other than wells, platforms and other facilities, comprises its construction cost or purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Subsequent costs are capitalized as part of these assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the items can be measured reliably. All other repairs and maintenance are charged against current operations as incurred.

In situations where it can be clearly demonstrated that to be obtained from the use of an item of property and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as additional cost of property and equipment.

When assets are retired or otherwise disposed of, the cost of the related accumulated depletion and depreciation and amortization and provision for impairment losses, if any, are removed from the accounts and any resulting gain or loss is credited or charged against current operations.

Depreciation of property and equipment, other than wells, platforms and other facilities, commences once the assets are put into operational use and is computed on a straight-line basis over the estimated useful lives (EUL) of the assets as follows:

	Years
Transportation equipment	6
Office furniture and equipment	5-10

Depletion, depreciation and amortization of capitalized costs related to the contract areas under "Wells, platforms and other facilities" in commercial operations is calculated using the unit-of-production method based on estimates of proved reserves.

The EUL and depletion and depreciation, residual values and amortization methods are reviewed periodically to ensure that the period and methods of depletion and depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

Interest in Jointly Controlled Assets
Interests in jointly controlled assets are accounted for by recognizing in the consolidated financial statements the Group's share in the jointly controlled assets and are included principally in the "Property and equipment" and "Deferred exploration costs" accounts in the consolidated statement of financial position and any liabilities incurred jointly with the other venturers as well as the related revenues and expenses of the joint venture. The Group also recognized the expenses which it has incurred in respect of its interest in the joint venture and the related liabilities.

Deferred Exploration Costs
The Group follows the full cost method of accounting for exploration costs determined on the basis of each SC/Geophysical Survey and Exploration Contract (GSEC) area. Under this method, all exploration costs relating to each SC/GSEC are deferred pending determination of whether the

contract area contains oil and gas reserves in commercial quantities. The exploration costs relating to the SC/GSEC area where oil and gas in commercial quantities are discovered are subsequently capitalized as “Wells, platforms and other facilities” shown under the “Property and equipment” account in the consolidated statement of financial position upon commercial production. When the SC/GSEC is permanently abandoned or the Group has withdrawn from the consortium, the related deferred oil exploration costs are written-off. SCs and GSECs are considered permanently abandoned if the SCs and GSECs have expired and/or there are no definite plans for further exploration and/or development.

Impairment of Nonfinancial Assets
The Group assesses at each reporting date whether there is an indication that the Group’s property and equipment and deferred exploration costs may be impaired. If any such indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. Recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset’s recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depletion, depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the consolidated statement of income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate.

Equity
Capital stock is measured at par value for all shares issued. When the Group issues shares in excess of par, the excess is recognized in the “Capital in excess of par value” account; any incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from it.

Subscriptions Receivable
Subscriptions receivable represents shares subscribed but not fully paid.

Deficit
Deficit represents accumulated profit and losses of the Group and with consideration of any changes in accounting policies and errors applied retrospectively.

Other Comprehensive Income (OCI)
OCI are items of income and expense that are not recognized in profit or loss for the year in accordance with PFRS. The Group's OCI in 2014 and 2013 pertains to reserve for fluctuation in value of available-for-sale investments which can be reclassified to profit or loss in subsequent period and remeasurement gains (losses) on pension liability which cannot be recycled to profit or loss in the subsequent period.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement and requires an assessment of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A reassessment is made after inception of the lease only if one of the following applies:

(a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
(b) A renewal option is exercised or extension granted, unless that term of the renewal or extension was initially included in the lease term;
(c) There is a change in the determination of whether fulfillment is dependent on a specific asset; or
(d) There is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (b), or (d) and at the date of renewal or extension period for the scenario (c).

Operating Lease
Group as a lessee
Lease of assets under which the lessor effectively retains all the risks and rewards of ownership is classified as operating lease. Operating lease payments are recognized as an expense in the consolidated statement of income on a straight-line basis over the lease term.

Income Taxes
Current tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred tax
Deferred tax is provided, on all temporary differences, with certain exceptions, at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess of minimum corporate income tax (MCIT) over the regular corporate income tax and net operating loss carryover (NOLCO), to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and carryforward of unused tax credits from excess MCIT and NOLCO can be utilized. The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction in a transaction that is not a business combination and at the time of transaction, affects neither the accounting income nor taxable income.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Movements in the deferred tax assets and liabilities arising from changes in tax rates are charged against or credited to income in the period.

Deferred tax relating to items recognized directly in equity is recognized as other comprehensive income.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, and the deferred taxes relate to the same taxable entity and the same taxation authority.

Pension Expense

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:
- Service costs
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset.

Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods. All remeasurements recognized in OCI account “Remeasurement gains (losses) on pension liabilities” are not reclassified to another equity account in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations). If the fair value of the plan assets is higher than the present value of the defined benefit obligation, the measurement of the resulting defined benefit asset is limited to the present value of economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The Group’s right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Research and Development Costs
Research costs are expensed as incurred. Development expenditures on an individual project are recognized as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development
- The ability to use the intangible asset generated

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortization is recorded in cost of sales. During the period of development, the asset is tested for impairment annually.

Foreign Currency-denominated Transactions and Translations
The consolidated financial statements are presented in U.S. Dollar, which is the Parent Company’s functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the consolidated financial statements of each entity are measured using that functional currency. Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. However, monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency exchange rate prevailing at the reporting date. Exchange gains or losses arising from foreign currency translations are charged or credited to the consolidated statement of income.

All differences are taken to the consolidated statements of income with the exception of differences on foreign currency borrowings that provide, if any, a hedge against a net investment in a foreign entity. These are taken directly to equity until disposal of the net investment, at which time they are recognized in the consolidated statements of income. Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates as at the dates of initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of the Parent Company's subsidiary, OMWI, and OLC is Philippine Peso. As at reporting date, the assets and liabilities of these subsidiaries are translated into the presentation currency of the Group (the US Dollars) at the exchange rate at the reporting date and the consolidated statements of income accounts are translated at weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to "Cumulative translation adjustment" account in the equity section of the consolidated statements of financial position. Upon disposal of a subsidiary, the deferred cumulative translation adjustment amount recognized in equity relating to that particular subsidiary is recognized in the consolidated statement of income.

Earnings Per Share
Earnings per share is determined by dividing net income (loss) by the weighted average number of shares outstanding for each year after retroactive adjustment for any stock dividends declared. Diluted earnings per share is computed by dividing net income applicable to common stockholders by the weighted average number of common shares issued and outstanding during the year after giving effect to assumed conversion of dilutive potential common shares.

Operating Segments
The Group's operating businesses are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Group's business segments consist of: (1) oil exploration and development; (2) furniture manufacturing and distribution; and (3) real estate. Business segments involved in furniture manufacturing and distribution and real estate have ceased operations.

Provisions
Provisions are recognized only when the Group has: (a) a present obligation (legal or constructive) as a result of a past event; (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as an interest expense. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of the resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Contingencies
Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote.

Contingent assets are not recognized in the consolidated financial statements but are disclosed when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events up to the date of auditor's report that provide additional information about the Group's position at the reporting date (adjusting events) are reflected in the consolidated

financial statements. Post year-end events that are non-adjusting events are disclosed in the notes to consolidated financial statements when material.

5. Significant Accounting Judgments and Estimates

The preparation of the consolidated financial statements in compliance with PFRS requires the Group to make estimates and assumptions that affect the amount reported in the consolidated financial statements and accompanying notes. Future events may occur which will cause the assumptions used in arriving at the estimates to change. The effects of any change in estimates are reflected in the consolidated financial statements, as they become reasonably determinable.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments
In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognized in the consolidated financial statements.

Going Concern Assessment
The Group's management has made an assessment of the Group's ability to continue as a going concern and is satisfied that the Group has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern. Therefore, the Group's financial statements continue to be prepared on a going concern basis.

Determination of functional currency
The entities within the Group determine the functional currency based on economic substance of underlying circumstances relevant to each entity within the Group. The determination of functional currency was based on the primary economic environment in which each of the entities generates and expends cash. The Parent Company and LOGPOCOR's functional currency is the US Dollar. The functional currency of OMWI and OLC is Philippine Peso.

As of December 31, 2014 and 2013, the Group's cumulative translation adjustment amounted to ($0.04) million and $0.02 milion, respectively.

Classification of financial instruments
The Group classifies a financial instrument, or its components, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability or an equity instrument. The substance of a financial instrument, rather than its legal form, governs its classification in the consolidated statements of financial position. The classification of financial assets and financial liabilities of the Group are presented in Note 20.

Operating leases - Group as lessee
The Group has entered into property leases for its operations (see Note 19). The Group has determined that the lessor retains all the significant risks and rewards of ownership of these properties that are leased out on operating leases.

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Fair values of financial assets and liabilities
The Group carries certain financial assets and liabilities at fair value which requires extensive use of accounting estimates and judgments. While components of fair value measurements were determined using verifiable objective evidence (i.e., foreign exchange rates and interest rates), the amount of changes in fair value would differ if the Group utilized different valuation methodology. Any changes in fair value of these financial assets would directly affect the consolidated statements of comprehensive income and consolidated statements of changes in equity, as appropriate (see Note 20).

Impairment of loans and receivables
The Group assesses on a regular basis if there is objective evidence of impairment of loans and receivables. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original EIR. The Group uses individual impairment assessment on its loans and receivables. The Group did not assess its loans and receivables for collective impairment due to the few counterparties which can be specifically identified. The amount of loss is recognized in the consolidated statements of income with a corresponding reduction in the carrying value of the loans and receivables through an allowance account.

As of December 31, 2014 and 2013, the total carrying value of the Group's receivables amounted to $2.27 million and $4.33 million, respectively (see Note 7). No allowance for impairment was provided in 2014 and 2013.

Impairment of AFS investments
Quoted shares - at fair value
An impairment loss arises with respect of AFS investments when there is objective evidence of impairment, which involves significant judgment. In applying this judgment, the Group evaluates the financial health of the issuer, among others. In the case of AFS equity instruments, the Group expands its analysis to consider changes in the issuer's industry and sector performance, legal and regulatory framework, changes in technology and other factors that affect recoverability of the Group's investments.

Unquoted shares - at cost
Management believes that while the range of fair value estimates is significant, the probabilities of the various estimates cannot be reasonably assessed given the unquoted nature of equity investments. As a result, the Group carries unquoted AFS investments at cost, less any impairment in value.

A net increase (decrease) in market value of AFS investments amounting to ($0.25) million, ($0.17) million and $0.32 million was recognized in 2014, 2013 and 2011, respectively. AFS investments amounted to $13.31 million and $9.04 million as of December 31, 2014 and 2013, respectively (see Note 9).

Estimation of proven oil reserves
Proven reserves are estimated by reference to available reservoir and well information, including production and pressure trends for producing reservoirs and, in some cases, subject to definitional limits, to similar data from other producing reservoirs. Proven reserve estimates are attributed to

future development projects only where there is a significant commitment to project funding and execution and for which applicable governmental and regulatory approvals have been secured or are reasonably certain to be secured. All proven reserve estimates are subject to revision, either upward or downward, based on new information, such as from development drilling and production activities or from changes in economic factors, including product prices, contract terms or development plans.

Estimates of reserves for undeveloped or partially developed fields are subject to greater uncertainty over their future life than estimates of reserves for fields that are substantially developed and depleted. As a field goes into production, the amount of proved reserves will be subject to future revision once additional information becomes available. As those fields are further developed, new information may lead to revisions.

Estimated proven oil reserves totaled to 15.25 million barrels for Galoc oil field and 1.37 million barrels for Nido oil field as of December 31, 2014 and 2013, respectively.

Estimation of useful lives of property and equipment
The Group reviews annually the EUL of transportation equipment and office furniture and equipment based on expected asset utilization. It is possible that future results of operations could be affected by changes in these estimates brought about by changes in the factors mentioned. A reduction in the EUL of these assets would increase the recorded depreciation expense and decrease noncurrent assets.

As of December 31, 2014 and 2013, the Group's property and equipment amounted to $16.64 million and $27.70 million, respectively. Depletion, depreciation and amortization expense amounted to $12.54 million, $4.11 million and $3.21 million in 2014, 2013 and 2012, respectively (see Notes 8 and 10).

Impairment of nonfinancial assets
The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

As of December 31, 2014 and 2013, management has determined that there are no indications that nonfinancial assets may be impaired.

The related balances follow:

	2014	2013
Property and equipment (Note 10)	**$16,639,094**	$27,704,901
Deferred exploration costs (Note 11)	**599,301**	590,229

Impairment and write-off of deferred exploration costs
The Group assesses impairment on deferred exploration costs when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. Until the Group has sufficient data to determine technical feasibility and commercial viability, deferred exploration costs need not be assessed for impairment.

Facts and circumstances that would require an impairment assessment as set forth in PFRS 6, *Exploration for and Evaluation of Mineral Resources,* are as follows:

- the period for which the Group has the right to explore in the specific area has expired or will expire in the near future, and is not expected to be renewed;
- substantive expenditure on further exploration for and evaluation of mineral resources in the specific area is neither budgeted nor planned;
- exploration for and evaluation of mineral resources in the specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; and
- sufficient data exist to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

The carrying value of deferred exploration costs amounted to $0.60 million and $0.59 million as of December 31, 2014 and 2013, respectively (see Note 11). No provision for impairment loss was recognized in 2014, 2013 and 2012.

In 2014 and 2013, the Group incurred additional $0.01 million and $0.03 million, respectively for the training assistance that DOE has required for the 15 year period extension of SC 6. The amounts were included in the “deferred explorations costs”.

Pension expense
The determination of the obligation and cost of pension and other employee benefits is dependent on the selection of certain assumptions used in calculating such amounts. Those assumptions include, among others, discount rates and salary increase rates (see Note 16).

Actual results that differ from the Group’s assumptions are accumulated and amortized over future periods and therefore, generally affect the recognized expense and recorded obligation in such future periods.

While the Group believes that the assumptions are reasonable and appropriate, significant differences between actual experiences and assumptions may materially affect the cost of employee benefits and related obligations.

Pension liability amounted to \$0.15 million and \$0.06 million as of December 31, 2014 and 2013, respectively (see Note 16).

Recognition of deferred tax assets
Deferred tax assets are recognized for all temporary deductible differences to the extent that it is probable that taxable income will be available against which the deductible temporary differences can be utilized. Management has determined based on business forecasts of succeeding years that there is not enough taxable income against which the deferred tax assets will be recognized.

As of December 31, 2014 and 2013, the Group has unrecognized deferred tax assets on temporary differences amounting to \$0.50 million and \$0.27 million, respectively (see Note 17).

Asset retirement obligation
Plug and abandonment costs are based on estimates made by the service contract operator. These costs are not clearly provided for in the SCs. Management believes that there are no legal and constructive obligations for plug and abandonment costs. As of December 31, 2014 and 2013, the Group has not recognized any asset retirement obligation.

6. Cash and Cash Equivalents

	2014	2013
Petty cash fund	**\$224**	\$216
Cash in banks	**716,365**	36,552
Short-term deposits	**42,849,707**	35,000,932
	\$43,566,296	\$35,037,700

Cash in banks earn interest at the respective bank deposit rates. Short-term deposits are made for varying periods of up to three months depending on the immediate cash requirements of the Group and earn interest at the prevailing short-term deposit rates ranging from 1.00% to 2.00% in 2014 and 1.13% to 2.00% in 2013.

Interest income earned from cash in banks and short-term deposits amounted to \$0.74 million, \$0.75 million and \$0.78 million in 2014, 2013 and 2012, respectively (see Note 20).

As of December 31, 2014, the Company has short-term deposits with maturity period of more than three months amounted to \$4.97 million. These are excluded from cash and cash equivalents and presented as separate line item under “Short-term investments” as part of current assets.

There are no cash restrictions on the Group’s cash balance as of December 31, 2014 and 2013.

7. Receivables

	2014	2013
Due from operators (Note 8)	**\$1,927,095**	\$3,853,823
Trade receivables	**230,104**	398,330
Interest receivable	**111,290**	76,706
	\$2,268,489	\$4,328,859

Due from operators represent the excess of proceeds from crude oil liftings over the amounts advanced by the contract operator for the Group's share in exploration, development and production expenditures.

Trade receivables pertain to share of the Group on the receivables from customers for the sale of crude oil.

Trade receivables and due from operators are noninterest-bearing and are generally on 1-30 day terms.

There are no past due nor impaired receivables as of December 31, 2014 and 2013.

8. Interest in Jointly Controlled Assets

The Group's interests in the jointly controlled assets in the various SCs and GSECs, and any liabilities incurred jointly with the other venturers, as well as the related revenue and expenses of the venture, which are included in the consolidated financial statements, are as follows:

	2014	2013
Current assets:		
Receivables		
Due from operators (Note 7)	**$1,927,095**	$3,853,823
Noncurrent assets:		
Property and equipment (Note 10)		
Wells, platforms and other facilities	**86,211,123**	84,741,910
Less accumulated depletion, depreciation and amortization	**69,597,376**	57,065,286
Deferred exploration costs (Note 11)	**599,301**	590,229
	17,213,048	28,266,853
	$19,140,143	$32,120,676

	2014	2013	2012
Revenue from petroleum operations	**$22,558,228**	$15,825,328	$15,355,795
Cost of petroleum operations:			
Petroleum production costs	**6,296,221**	6,809,862	6,016,007
Depletion, depreciation and amortization expenses (Note 10)	**12,576,768**	4,113,423	3,214,073
	18,872,989	10,923,285	9,230,080
	$3,685,239	$4,902,043	$6,125,715

Details of the petroleum production costs are as follow:

	2014	2013	2012
Floating, production, storage and offloading	**$3,510,141**	$3,577,742	$2,747,295
Repairs and maintenance	**472,552**	620,630	609,597
Helicopter services	**462,236**	659,625	411,213
Freight costs	**412,239**	232,233	141,813
Operations management	**328,080**	396,189	77,540
Supply vessel	**327,383**	392,683	525,771
General and administrative - consortium	**311,521**	507,051	524,292
Insurance expenses	**184,201**	142,015	173,679
Marketing fees and offtake costs	**164,133**	109,778	42,390
Logistics base	**31,781**	18,831	12,092
Turret	–	–	611,418
Static tow vessel	–	–	104,994
Others *	**91,954**	153,085	33,913
	$6,296,221	$6,809,862	$6,016,007

** Others include miscellaneous expenses, utilities, postage and telephone charges.*

9. **Available-for-Sale Investments**

	2014	2013
Quoted shares - at fair value	**$11,003,276**	$9,003,318
Unquoted shares - at cost	**2,307,844**	38,315
	$13,311,120	$9,041,633

Movement in the reserve for flunctuation in value of AFS financial assets at fair value are as follow:

	2014	2013
Balance at the beginning of year	**$764,299**	$931,803
Unrealized loss during the year	**(247,205)**	(156,264)
Realized gain transferred to statements of income	–	(11,240)
Balance at end of year	**$517,094**	$764,299

The carrying values of listed shares have been determined as follows:

	2014	2013
Balances at beginning of year	**$9,003,318**	$9,558,662
Additions	**2,276,418**	4,473,203
Disposals	–	(4,861,043)
Reserve for fluctuation in value of AFS investments	**(247,205)**	(167,504)
Unrealized foreign exchange loss	**(29,255)**	–
Balances at end of year	**$11,003,276**	$9,003,318

In December 2013, the Company's investment of 400,000 preferred shares were redeemed by the issuer.

The carrying values of unquoted shares - at cost have been determined as follows:

	2014	2013
Balances at beginning of year	**$38,315**	$38,315
Additions	**2,267,798**	–
Unrealized foreign exchange gain	**1,731**	–
Balances at end of year	**$2,307,844**	$38,315

10. **Property and Equipment**

	2014			
	Wells, Platforms and Other Facilities (Notes 1 and 8)	**Transportation Equipment**	**Office Furniture and Equipment**	**Total**
Cost				
Balances at beginning of year	**$84,741,910**	**$193,841**	**$43,910**	**$84,979,661**
Additions	**1,469,213**	**–**	**–**	**1,469,213**
Balances at end of year	**86,211,123**	**193,841**	**43,910**	**86,448,874**
Accumulated Depletion, Depreciation and Amortization				
Balance at beginning of year	**57,065,286**	**177,171**	**32,303**	**57,274,760**
Depletion, depreciation and amortization (Note 8)	**12,532,090**	**2,780**	**150**	**12,535,020**
Balance at end of year	**69,597,376**	**179,951**	**32,453**	**69,809,780**
Net Book Values	**$16,613,747**	**$13,890**	**$11,457**	**$16,639,094**

	2013			
	Wells, Platforms and Other Facilities (Notes 1 and 8)	Transportation Equipment	Office Furniture and Equipment	Total
Cost				
Balances at beginning of year	$71,347,034	$193,841	$43,158	$71,584,033
Additions	13,394,876	–	752	13,395,628
Balances at end of year	84,741,910	193,841	43,910	84,979,661
Accumulated Depletion, Depreciation and Amortization				
Balance at beginning of year	52,961,194	168,762	31,381	53,161,337
Depletion, depreciation and amortization (Note 8)	4,104,092	8,409	922	4,113,423
Balance at end of year	57,065,286	177,171	32,303	57,274,760
Net Book Values	$27,676,624	$16,670	$11,607	$27,704,901

11. Deferred Exploration Costs

The full recovery of the deferred oil exploration costs incurred in connection with the Group's participation in the acquisition and exploration of petroleum concessions is dependent upon the discovery of oil and gas in commercial quantities from the respective petroleum, concessions and the success of the future development thereof.

	2014	2013
SC 6	**$589,087**	$580,015
Others	**10,214**	10,214
	$599,301	$590,229

SC 6
The Bonita Blo retained area of the original SC 6.

A 15-year extension period for the block was requested from and subsequently granted by the DOE in March 2009.

The conditions for the grant of the 15-year extension period require the submission and implementation of a yearly work program and budget. It includes as well financial assistance to the DOE for training and scholarships in geological and engineering studies.

12. Accounts and Other Payables

	2014	2013
Accounts payable	**$552,500**	$498,173
Dividends payable	**91,739**	99,384
Subscriptions payable	**31,446**	26,488
Taxes payable	**4,826**	15,173
	$680,511	$639,218

Accounts payable mainly consist of unpaid legal service fees. These are noninterest-bearing and are normally settled in thirty (30) to sixty (60)-day terms.

Dividends payable include amounts payable to the Group's shareholders.

13. Paid up Capital

Under the existing laws of the Republic of the Philippines, at least 60% of the Company's issued capital stock should be owned by citizens of the Philippines for the Company to own and hold any mining, petroleum or renewable energy contract area. As of December 31, 2014, the total issued and subscribed capital stock of the Parent Company is 96.54% Filipino and 3.46% non-Filipino, as compared to 96.90% Filipino and 3.10% non-Filipino as of December 31, 2013.

This account consists of:

	2014	2013
Class A - $0.0004 (₱0.01) par value		
Authorized - 120 billion shares		
Issued and outstanding - 120 billion shares	**$49,361,387**	$49,361,387
Class B - $0.0004 (₱0.01) par value		
Authorized - 80 billion shares		
Issued and outstanding - 80 billion shares	**32,907,591**	32,907,591
Subscriptions receivable	**(373,417)**	(374,252)
Capital in excess of par value	**3,650,477**	3,650,477
	$85,546,038	$85,545,203

All shares of stock of the Group enjoy the same rights and privileges, except that Class A shares shall be issued solely to Filipino citizens, whereas Class B shares can be issued either to Filipino citizens or foreign nationals. There were no issuances of additional common shares in 2014 and 2013.

The Parent Company's track record of capital stock follows:

	Number of shares registered	Issue/offer price	Date of SEC approval	Number of holders as of yearend
Listing by way of introduction	10,000,000,000	₱0.01	Mar. 24, 1970	
Additions:				
	2,500,000,000	0.01	Mar. 23, 1981	
	37,500,000,000	0.01	Aug. 5, 1988	
	50,000,000,000	0.01	Nov. 14, 1989	
	100,000,000,000	0.01	May 31, 1995	
December 31, 2012	200,000,000,000			12,122
Deduct: Movement	–			(92)
December 31, 2013	200,000,000,000			12,030
Add: Movement	–			(115)
December 31, 2014	200,000,000,000			11,915

14. General and Administrative Expenses

	2014	2013	2012
Staff costs (Notes 16 and 19)	**$364,778**	$460,676	$355,078
Professional fees	**40,143**	29,443	19,443
Rent (Note 19)	**9,977**	12,249	5,349
Registration and filing fees	**8,709**	10,627	9,141
Printing	**9,901**	7,460	14,353
Transportation and communication	**5,114**	5,157	5,033
Messengerial services	**5,015**	4,346	4,477
Entertainment, amusement and recreation	**2,707**	2,693	3,772

(Forward)

	2014	2013	2012
Utilities	**$1,247**	$1,702	$2,772
Insurance	**583**	729	466
Repairs and maintenance	**636**	481	–
Advertising and publication	**241**	251	246
Taxes and licenses	**214**	81	72
Miscellaneous	**49,791**	8,071	2,083
	$499,056	$543,966	$422,285

15. Other Income - net

	2014	2013	2012
Dividend income	**$579,786**	$710,180	$599,989
Gain (loss) on sale/redemption of AFS investments (Note 9)	**–**	(11,240)	1,251,587
Others	**26,171**	–	–
	$605,957	$698,940	$1,851,576

The dividend income is derived primarily by the Group from its investment in preferred shares.

16. Retirement Plan

The Group has a non-funded, noncontributory tax-qualified defined benefit type of retirement plan covering substantially all of its employees. The benefits are based on defined contribution formula with a minimum lump-sum guarantee of 1 month for every year of service up to 20 years and 1.5 months in excess of 20 years.

Under the existing regulatory framework, Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Group updates the actuarial valuation every year by hiring the services of a third party professionally qualified actuary.

Components of pension expense in the consolidated statements of income included in general and administrative expenses under 'Staff costs' account are as follow:

	2014	2013	2012
Current service cost	**$5,158**	$3,683	$3,496
Interest cost on defined benefit obligation	**3,079**	2,794	17,591
Total pension expense	**$8,237**	$6,477	$21,087

Movements in net pension liability follow:

	2014	2013
Balances at beginning of year	**$56,386**	$49,440
Pension expense	**8,237**	6,477
Foreign currency translation adjustment	**69,985**	(3,997)
Remeasurement losses (gains)		
Financial	**(32)**	2,979
Experience	**12,401**	1,487
Balances at end of year	**$146,977**	$56,386

Changes in the present value of defined benefit obligation follow:

	2014	2013
Balances at beginning of year	**$56,386**	$49,440
Current service cost	**5,158**	3,683
Interest cost on defined benefit obligation	**3,079**	2,794
Foreign currency translation adjustment	**69,985**	(3,997)
Remeasurement losses (gains)		
Financial	**(32)**	2,979
Experience	**12,401**	1,487
Balances at end of year	**$146,977**	$56,386

The principal actuarial assumptions used in determining the pension liability for the Group's plan follow:

	2014	2013
Rate of salary increase	**5.50%**	5.50%
Discount rate	**4.41%**	5.24%

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Effect on defined benefit obligation		
	Increase (decrease)	**2014**	2013
Discount rates	+100 basis points	**($11,305)**	($47,736)
	-100 basis points	**13,762**	66,454
Future salary increases	+1.00 %	**13,225**	66,175
	-1.00 %	**(11,122)**	(47,786)

Shown below is the maturity analysis of the undiscounted benefit payments:

	2014	2013
Less than 1 year	**$153**	$105
More than 1 year to 5 years	**1,156**	934
More than 5 years to 10 years	**4,225**	3,256
More than 10 years to 15 years	**142,834**	146,110
More than 15 years to 20 years	**4,478**	3,664
More than 20 years	**293,931**	296,322

As of December 31, 2014, the Group has yet to set-up the retirement fund. In case of retirement prior to set-up of fund, the Group will tap its existing operating funds to pay the obligation.

17. **Income Tax**

	2014	2013	2012
Current			
Final	**$66,393**	$65,262	$101,886
MCIT	**–**	12,987	26,861
	66,393	78,249	128,747
Deferred	**(494,703)**	16,337	(525,552)
	($428,310)	$94,586	($396,805)

The Group's deferred tax liability represents the deferred income tax effects of the excess of book base over tax base of property and equipment amounting to $1.57 million and $2.10 million, net of recognized deferred tax asset on pension liability amounting to $0.04 million and $0.02 million as of December 31, 2014 and 2013, respectively.

As of December 31, unrecognized deferred tax assets are as follow:

	2014	2013
NOLCO	**$456,203**	$221,754
MCIT	**44,636**	46,476
	$500,839	$268,230

The MCIT and NOLCO that are available for offset against future income tax due and future taxable income follow:

Inception Year	MCIT	NOLCO	Tax Effect of NOLCO	Expiry Year
2012	$31,649	$–	$–	2015
2013	12,987	433,973	130,192	2016
2014	–	1,086,704	326,011	2017
	$44,636	$1,520,677	$456,203	

The following are the movements in NOLCO and MCIT:

NOLCO	**2014**	2013
Balances at beginning of year	**$739,179**	$2,884,587
Addition	**1,086,704**	433,973
Expired	**(305,206)**	(2,579,381)
Balances at end of year	**$1,520,677**	$739,179

MCIT	**2014**	2013
Balances at beginning of year	**$46,476**	$33,489
Addition	–	12,987
Expired	**(1,840)**	–
Balances at end of year	**$44,636**	$46,476

The reconciliation of the statutory income tax rate to the effective income tax follows:

	2014	2013	2012
Statutory income tax rate	**30.00%**	30.00%	30.00%
Tax effects of:			
Nondeductible expense	**30.28**	40.85	18.74
Changes in unrecognized deferred tax assets on deductible temporary differences	**(0.09)**	3.05	(3.20)
Interest income subjected to final tax	**(3.58)**	(4.06)	(2.44)
Dividend income	**(2.79)**	(4.14)	(1.87)
Movements in deferred tax liabilities	**0.12**	5.94	(4.16)
Income exempt from tax	**(67.92)**	(70.56)	(40.69)
Others	**2.89**	0.76	(0.66)
Effective income tax rate	**(11.09%)**	1.84%	(4.28%)

18. Basic/Diluted Earnings Per Share

The Group's earnings per share were computed as follows:

	2014	2013	2012
Net income	**$4,358,225**	$5,038,043	$9,666,221
Divided by weighted average number of common shares outstanding	**200,000,000,000**	200,000,000,000	200,000,000,000
	$0.000022	$0.000025	$0.000048

For the years ended December 31, 2014, 2013 and 2012, there were no outstanding dilutive potential common shares.

19. Related Party Transactions

Parties are related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions; and the parties are subject to common control. Related parties may be individuals or corporate entities.

The amounts and the balances arising from the significant related party transactions are as follow:

	2014			
	Amount/ Volume	**Outstanding Balance**	**Terms**	**Conditions**
Entities under common control of the Parent Company				
a. Cash and cash equivalents	**$16,055,160**	**$16,055,160**	Interest bearing at prevailing market rate; 1% to 2% per annum; due and demandable	No impairment
• Interest income	**353,018**	**353,018**	–	–

	2013			
	Amount/ Volume	Outstanding Balance	Terms	Conditions
Entities under common control of the Parent Company				
a. Cash and cash equivalents	$21,540,005	$21,540,005	1.38% to 3.88% per annum	No impairment
• Interest income	559,144	55,774		
b. Rent	12,249	–	Non-interest bearing, payable on demand	Unsecured

a. The Group has money market placements with affiliated bank, a subsidiary of a stockholder.

b. The Group entered into a lease agreement with an affiliate covering the office space it occupies, which is renewable annually.

c. Compensation of key management personnel of the Group follows:

	2014	2013	2012
Short-term employee benefits	**$160,902**	$161,798	$155,086
Post employment benefits	**6,023**	6,023	6,023
	$166,925	$167,821	$161,109

20. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise loans and receivables, accounts payable and other payables. Exposure to liquidity, credit, market, foreign currency and interest rate risks arise in the normal course of the Group's business activities. The main objectives of the Group's financial risk management are as follow:

- to identify and monitor such risks on an ongoing basis;
- to minimize and mitigate such risks; and
- to provide a degree of certainty about costs.

Fair Values
Due to the short-term nature of the transactions, the carrying values of cash and cash equivalents, short-term investments and receivables, accounts and other payables approximate the fair value.

The fair value of the AFS investments that are actively traded in organized financial markets is determined by reference to quoted market bid prices at the close of business as of the reporting date. Original costs have been used to determine the fair value of unlisted AFS investments for lack of suitable methods of arriving at reliable fair values.

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at December 31, 2014 and 2013, the fair value of AFS investments under level 1 hierarchy amounted to $11.00 million and $9.00 million, respectively (see Note 9).

The fair value of unquoted AFS financial assets is not reasonably determinable due to the unpredictable nature of future cash flows and the lack of suitable methods for arriving at the reliable fair value. Accordingly, these unquoted AFS financial assets are presented at cost.

There has been no transfer from Level 1 to Level 2 or 3 category in 2014, 2013 and 2012.

The main risks arising from the Group financial instruments are liquidity, credit, equity price, foreign currency and interest rate risk.

The Group's risk management policies are summarized below:

a) *Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts.

The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.

As of December 31, 2014 and 2013, all financial liabilities are expected to mature within one year. All commitments up to a year are either due within the time frame or are payable on demand.

Correspondingly, the financial assets that can be used by the Group to manage its liquidity risk as of December 31, 2014 and 2013 consist of loans and receivables and AFS investments, which are usually on demand or collectible within a term of 30 days.

b) *Credit risk*

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The investment of the Group's cash resources is managed to minimize risk while seeking to enhance yield. The holding of cash and AFS investments expose the Group to credit risk of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets, if the counterparty is unwilling or unable to fulfill its obligation. Credit risk management involves entering into transactions with counterparties that have acceptable credit standing.

The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position:

	2014	2013
Loans and receivables		
Cash in banks and cash equivalents	**$43,566,072**	$35,037,700
Due from operators	**1,927,095**	3,853,823
Trade receivables	**230,014**	398,330
Interest receivable	**111,291**	76,706
Short-term investments	**4,965,913**	–
	$50,800,385	$39,366,559

Above financial assets have a credit quality of "low risk" and are neither past due nor impaired as of December 31, 2014 and 2013. The Group classifies credit quality as low risk when that credit can proceed with favorable credit terms and can offer term of up to thirty (30) days.

c) *Equity price risk*
Equity price risk is such risk where the fair values of investments in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of individual stocks. The Group is exposed to equity securities price risk because of investments held by the Group, which are classified in the consolidated statement of financial position as AFS investments. As of December 31, 2014 and 2013, AFS investment exposed to equity price risk amounted to $11.00 million and $9.00 million, respectively (see Note 9).

The following table shows the sensitivity to a reasonably possible change in the Philippine Stock Exchange index (PSEi), with all other variables held constant, of the Group's equity (through other comprehensive income) due to changes in the carrying value of the Group's AFS investments. The analysis links PSEi changes, which proxies for general market movements, to individual stock prices through their betas. Betas are coefficients depicting the sensitivity of individual prices to market movements.

The sensitivity range is based on the historical volatility of the PSEi for the past year. The analysis is based on the assumption that last year's PSEi volatility will be the same in the following year.

The sensitivity analysis below is performed for a reasonably possible movement of the market indices with all other variables held constant, on the statement of comprehensive income.

Philippine Stock Exchange Market index	**Change in Market Index**	**Effect on Equity Other Comprehensive Income**
2014	**2.79%**	**$345,987**
	-2.79%	**(345,987)**
2013	20.00%	$1,926,631
	-20.00%	(1,926,631)

d) *Foreign currency risk*
Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried out in Philippine Peso and its exposure to foreign currency exchange risk arises from purchases in currencies other than the Group's functional currency. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Group is engaged.

The Group's foreign exchange risk results primarily from movements of U.S. Dollar against other currencies. As a result of the Group's investments and other transactions in Philippine Peso, the consolidated statement of income can be affected significantly by movements in the U.S. Dollars.

The following table shows the foreign currency-denominated assets and liabilities expressed in Philippine Peso (PHP) and their U.S. Dollar (USD) equivalents as of December 31:

	2014		2013	
	In USD	**In PHP[(1)]**	In USD	In PHP[(1)]
Financial Assets				
Loans and receivables				
Cash and cash equivalents	**$3,607,132**	**₱161,310,953**	$8,449,188	₱375,101,717
Interest receivable	**7,639**	**341,610**	7,450	330,749
Short-term investments	**4,965,913**	**222,075,629**	–	–
AFS investments	**13,311,120**	**585,848,992**	9,596,977	426,057,803
	21,891,804	**969,577,184**	18,053,615	801,490,269
Other Financial Liabilities				
Accounts and other payables	**662,140**	**29,610,909**	475,785	21,122,475
Net foreign currency-denominated assets	**$21,229,664**	**₱939,966,275**	$17,577,830	₱780,367,794

[1] The exchange rates used as of December 31, 2014 and 2013 are $0.0224 to ₱1 to and $0.0225 to ₱1, respectively.

The following table demonstrates sensitivity to a reasonably possible change in the Philippine Peso exchange rate, with all other variables held constant, of the Group's income before income tax in 2014 and 2013. There is no other impact on the Group's equity other than those already affecting income.

	Currency	Increase (decrease) in PHP rate	Effect on income before income tax
2014	**PHP**	+2.0%	**$424,593**
		-2.0	**(424,593)**
2013	PHP	+2.0%	$351,557
		-2.0	(351,557)

e) *Interest rate risk*
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate exposure management policy centers on reducing its exposure to changes in interest rates. The Group's exposure to the risk of changes in interest rates relates primarily to the cash in bank with fixed interest rates.

Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Parent Company may adjust the dividend payment to shareholders or issue new shares.

The Group considers as capital the equity attributable to the equity holders, which amounted to $80.77 million and $76.74 million as of December 31, 2014 and 2013, respectively. No changes were made in the objectives, policies or processes during the years ended December 31, 2014 and 2013.

21. Operating Segment

Operating segments are components of an enterprise for which separate financial information is available that is evaluated regularly by the chief operating decision-maker in deciding how to allocate resources and in assessing performance. Generally, financial information is reported on the basis that is used internally for evaluating segment performance and allocating resources to segments. The Group only operates in one geographical location, thus, no information on geographical segments is presented.

The Group derives its revenues only from the Parent Company, with segment assets and liabilities amounting to $83.17 million and $0.83 million, respectively, as of December 31, 2014 and $79.55 million and $0.71 million, respectively, as of December 31, 2013. As of December 31, 2014, the Parent Company has generated segment revenue and net income amounting to $22.56 million and $3.89 million, respectively and $15.83 million and $5.15 million, respectively in 2013. Business segments involved in furniture manufacturing and distribution and real estate have ceased operations.

Segment assets and segment liabilities exclude deferred tax assets and liabilities.

22. Approval of Financial Statements

The accompanying consolidated financial statements were authorized for issue by the BOD on April 14, 2015.

SyCip Gorres Velayo & Co.
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BOA/PRC Reg. No. 0001,
December 28, 2012, valid until December 31, 2015
SEC Accreditation No. 0012-FR-3 (Group A),
November 15, 2012, valid until November 16, 2015

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
Oriental Petroleum and Minerals Corporation
34th Floor, Robinsons Equitable Tower
ADB Avenue, Ortigas Center, Pasig City

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Oriental Petroleum and Minerals Corporation and its subsidiaries (the Group) as at December 31, 2014 and 2013 and for each of the three years in the period ended December 31, 2014 and have issued our report thereon dated April 14, 2015. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, as Amended (2011), and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Cyril Jasmin B. Valencia

Cyril Jasmin B. Valencia
Partner
CPA Certificate No. 90787
SEC Accreditation No. 1229-A (Group A),
May 31, 2012, valid until May 30, 2015
Tax Identification No. 162-410-623
BIR Accreditation No. 08-001998-74-2015,
February 27, 2015, valid until February 26, 2018
PTR No. 4751335, January 5, 2015, Makati City

April 14, 2015

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

SUPPLEMENTARY SCHEDULES

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

SUPPLEMENTARY INFORMATION AND DISCLOSURES REQUIRED ON SRC RULE 68, AS AMENDED (2011)

DECEMBER 31, 2014

Philippine Securities and Exchange Commission (SEC) issued the amended Securities Regulation Code Rule SRC Rule 68 and 68.1 which consolidates the two separate rules and labeled in the amendment as "Part I" and "Part II", respectively. It also prescribed the additional information and schedule requirements for issuers of securities to the public.

Below are the additional information and schedules required by SRC Rule 68, As Amended (2011) that are relevant to the Group. This information is presented for purposes of filing with the SEC and is not a required part of the basic financial statements.

Schedule A. Financial Assets
The Group's financial assets includes investments in quoted and unquoted equity securities.

Below is the detailed schedule of financial assets in equity securities of the Group as of December 31, 2014:

Name of Issuing Entity and Association of Each Issue	Number of Shares	Amount Shown in the Consolidated Statement of Financial Position	Value Based on Market Quotation at end of year	Income Received and Accrued
Available-for-Sale Investments				
Quoted:				
Ayala Corporation - Preferred Class "B"	391,280	$4,454,042	$4,454,042	$231,857
First Gen - Series G	1,000,000	2,431,155	2,431,155	174,771
Ayala Corporation - Preferred Class "B2"	200,000	2,290,284	2,290,284	
First Gen Corporation - Series F	600,000	1,567,754	1,567,754	108,148
Cebu Property Ventures and Development	2,064,609	253,784	253,784	3,768
Philippine Long Distance Telephone Company	51	3,367	3,367	–
Philex Mining Corporation	5,425	943	943	–
Cosco Capital, Inc. (Cosco)	4,265	838	838	–
Robinsons Land Corporation	1,800	1,084	1,084	15
Lepanto Consolidated Mining Company	4,750	24	24	–
		11,003,275	11,003,275	518,559
Unquoted:				
First Philippine Holdings	200,000	2,272,109	2,272,109	61,227
Shell Philippines	68,862	35,736	35,736	–
		2,307,845	2,307,845	61,227
		$13,311,120	$13,311,120	579,786

Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (other than related parties)

The Group has no receivable from directors, officers, employees, related parties and principal stockholders as of December 31, 2014.

Schedule C. Amounts Receivable from Related Parties which are Eliminated During the Consolidation of Financial Statements

Below is the schedule of receivables (payables) with related parties, which are eliminated in the consolidated financial statements as of December 31, 2014.

	Balance at beginning of period	Additions	Amounts collected	Amounts written-off	Current	Non-current	ılance at end of period
Oriental Land Corporation	($8,789)	$–	$–	$–	$–	($8,789)	($8,789)
Linapacan Oil, Gas and Power Corporation	(16,389,229)	(1,183,139)	–	–	–	(17,572,368)	(17,572,368)
Oriental Mahogany Woodworks, Inc.	104,273	–	–	–	–	104,273	104,273
	($16,293,745)	($1,183,139)	$–	$–	$–	($17,476,884)	($17,476,884)

Schedule D. Intangible Asset

The Group has no intangible asset as of December 31, 2014.

Schedule E. Long term debt

The Group has no long-term debt as of December 31, 2014.

Schedule F. Indebtedness to Related Parties (Long-Term Loans from Related Companies)

The Group has no outstanding liabilities to related parties as of December 31, 2014.

Schedule G. Guarantees of Securities of Other Issuers

The Group does not have guarantees of securities of other issuers as of December 31, 2014.

Schedule H. Capital Stock

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties	Directors, Officers and Employees	Others
Common Shares	200,000,000,000	200,000,000,000	–	70,806,672,785	569,868,974	128,623,458,241

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

SCHEDULE OF ALL EFFECTIVE STANDARDS AND INTERPRETATIONS UNDER PHILIPPINE FINANCIAL REPORTING STANDARDS

Below is the list of all effective Philippine Financial Reporting Standards (PFRS), Philippine Accounting Standards (PAS) and Philippine Interpretations of International Financial Reporting Interpretations Committee (IFRIC) as at December 31, 2014:

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS **Effective as of December 31, 2014**		**Adopted**	**Not Adopted**	**Not Applicable**
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✓		
PFRSs Practice Statement Management Commentary				✓
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards	✓		
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✓
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✓
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✓
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✓
	Amendments to PFRS 1: Government Loans			✓
PFRS 2	Share-based Payment			✓
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✓
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✓
PFRS 3 (Revised)	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✓
PFRS 6	Exploration for and Evaluation of Mineral Resources	✓		
PFRS 7	Financial Instruments: Disclosures	✓		
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PFRS 7 (cont.)	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets			✓
	Amendments to PFRS 7: Disclosures - Offsetting Financial Assets and Financial Liabilities			✓
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments		✓	
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures		✓	
	New Hedge Accounting Requirements		✓	
	Financial Instruments – Classification and Measurement (2009 and 2010 versions)		✓	
	Financial Instruments (2013 Version)*		✓	
	Financial Instruments (2014 Version)*		✓	
PFRS 10	Consolidated Financial Statements	✓		
	Amendments to PFRS 10: Investment Entities			✓
	Amendments to PFRS 10: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*		✓	
PFRS 11	Joint Arrangements	✓		
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations*		✓	
PFRS 12	Disclosure of Interests in Other Entities	✓		
	Amendments to PFRS 12: Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts*		✓	
IFRS 15	Revenue from Contracts with Customers**		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures			✓
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income or OCI	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Date	✓		
PAS 11	Construction Contracts			✓
PAS 12	Income Taxes	✓		
	Amendment to PAS 12 - Deferred Tax: Recovery of Underlying Assets			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendment: Clarification of Acceptable Methods of Depreciation and Amortization*		✓	
	Amendments to PAS 16: Bearer Plants*		✓	
PAS 17	Leases	✓		
PAS 18	Revenue	✓		
PAS 19 (Revised)	Employee Benefits	✓		
	Amendments to PAS 19: Defined Benefit Plans - Employee Contributions		✓	
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
	Amendment: Net Investment in a Foreign Operation	✓		
PAS 23 (Revised)	Borrowing Costs			✓
PAS 24 (Revised)	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27 (Amended)	Separate Financial Statements	✓		
	Amendments to PAS 27: Investment Entities			
	Amendments to PAS 27: Equity Method in Separate Financial Statements*		✓	
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments to PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Instruments and Obligations Arising on Liquidation			
	Amendment to PAS 32: Classification of Rights Issues			✓
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities		✓	
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
	Amendments to PAS 36: Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets			✓
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets			✓
	Amendments to PAS 38: Clarification of Acceptable Methods of Depreciation and Amortization*		✓	
PAS 39	Financial Instruments: Recognition and Measurement	✓		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			✓
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			✓
	Amendments to PAS 39: The Fair Value Option			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			✓
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets - Effective Date and Transition			✓
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			✓
	Amendment to PAS 39: Eligible Hedged Items		✓	
	Amendments to PAS 39: Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting			
PAS 40	Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 41: Bearer Plants*		✓	
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		
IFRIC 2	Members' Share in Co-operative Entities and Similar			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	Instruments			
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✓
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✓
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
IFRIC 8	Scope of PFRS 2			✓
IFRIC 9	Reassessment of Embedded Derivatives			✓
	Amendments to Philippine Interpretation IFRIC 9 and PAS 39: Embedded Derivatives			✓
IFRIC 10	Interim Financial Reporting and Impairment			✓
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✓
IFRIC 12	Service Concession Arrangements			✓
IFRIC 13	Customer Loyalty Programmes			✓
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✓
IFRIC 15	Agreements for the Construction of Real Estate			✓
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✓
IFRIC 17	Distributions of Non-cash Assets to Owners			✓
IFRIC 18	Transfers of Assets from Customers			✓
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✓
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✓
IFRIC 21	Levies	✓		
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-12	Consolidation - Special Purpose Entities			✓
	Amendment to SIC - 12: Scope of SIC 12			✓
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✓
SIC-15	Operating Leases - Incentives			✓
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2014		Adopted	Not Adopted	Not Applicable
	its Shareholders			
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
SIC-29	Service Concession Arrangements: Disclosures.			✓
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✓
SIC-32	Intangible Assets - Web Site Costs			✓

Standards tagged as "Not applicable" have been adopted by the Company but have no significant covered transactions for the year ended December 31, 2014.

Standards tagged as "Not adopted" are standards issued but not yet effective as of December 31, 2014. The Company will adopt the Standards and Interpretations when these become effective.

*Standards and amendments already adopted by FRSC but still for approval by BOA.

**Standard issued by IASB but not yet adopted by FRSC.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

UNAPPROPRIATED RETAINED EARNINGS AVAILABLE FOR DIVIDEND DISTRIBUTION

This schedule is not applicable since the Group is at a deficit position amounting to $5.40 million and $9.76 million as of December 31, 2014 and 2013, respectively.

ORIENTAL PETROLEUM AND MINERALS CORPORATION AND SUBSIDIARIES

FINACIAL SOUNDNESS INDICATORS
FOR THE YEAR ENDED DECEMBER 31, 2014

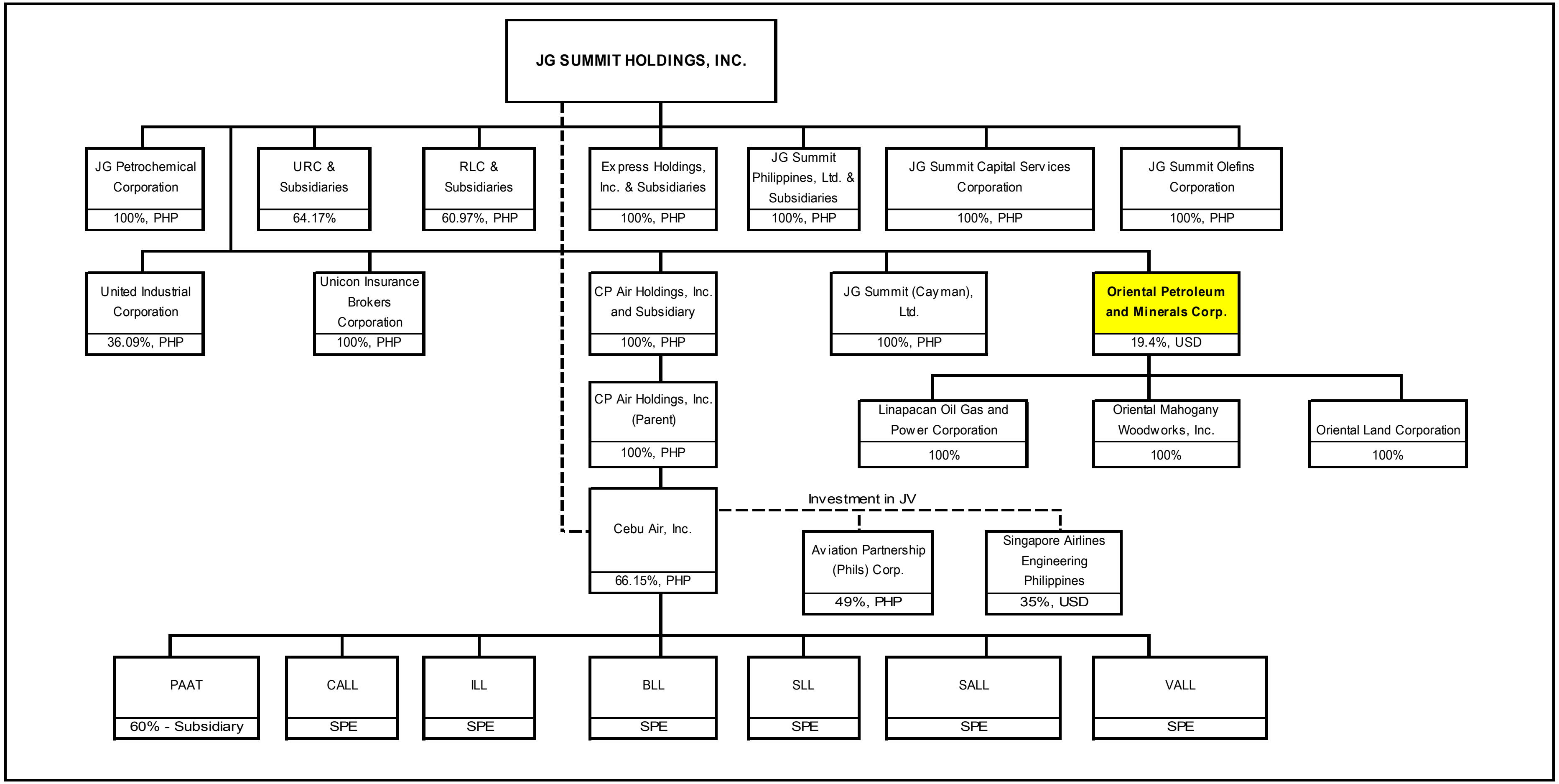
Below are the financial ratios that are relevant to the Group for the year ended December 31, 2014 and 2013:

Financial ratios		**2014**	2013
Current ratio	Current assets (CA) / Current liabilities (CL)	**77.32:1**	**64.72:1**
Net working capital ratio	CA - CL / Total assets	**62.45%**	**52.24%**
Return on assets	Operating income / Average assets	**4.75%**	**6.66%**
Return on equity	Net income / Average equity	**5.53%**	**6.78%**
Debt-to-equity ratio	Total liabilities / Total equity	**2.96%**	**3.66%**

ORIENTAL PETROLEUM AND MINERALS CORPORATION

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

FOR THE YEAR ENDED DECEMBER 31, 2014



ORIENTAL PETROLEUM & MINERALS CORPORATION

ANNUAL CORPORATE GOVERNANCE REPORT
As of April 15, 2015

ANNUAL CORPORATE GOVERNANCE REPORT
As of April 15, 2015

TABLE OF CONTENTS

A. BOARD MATTERS

1) Board of Directors

Number of Directors per Articles of Incorporation	11
Actual number of Directors for the year	11

(a) Composition of the Board

Complete the table with information on the Board of Directors:

Director's Name	Type [Executive (ED), Non-Executive (NED) or Independent Director (ID)]	If nominee, identify the principal	Nominator in the last election (if ID, state the relationship with the nominator)	Date first elected	Date last elected (if ID, state the number of years served as ID)[1]	Elected when (Annual /Special Meeting)	No. of years served as director
John L. Gokongwei, Jr.	ED	N/A	Felipe Remollo	1994	June 25, 2014	Annual Meeting	20 years
James L. Go	ED	N/A	Felipe Remollo	1994	June 25, 2014	Annual Meeting	20 years
Lance Y. Gokongwei	ED	N/A	Felipe Remollo	1994	June 25, 2014	Annual Meeting	20 years
Robert G. Coyiuto, Jr.	ED	N/A	Felipe Remollo	1982	June 25, 2014	Annual Meeting	32 years
James G. Coyiuto	NED	N/A	Felipe Remollo	2005	June 25, 2014	Annual Meeting	9 years
Benedicto T. Coyiuto	NED	N/A	Felipe Remollo	2013	June 25, 2014	Annual Meeting	2 years
Josephine V. Barcelon	NED	N/A	Felipe Remollo	2014	June 25, 2014	Annual Meeting	1 year
Gabriel C. Singson	NED	N/A	Felipe Remollo	July 14, 2005	June 25, 2014	Annual Meeting	9 years
Perry L. Pe	ED	N/A	Felipe Remollo	1995	June 25, 2014	Annual Meeting	19 years
Antonio L. Go	ID	N/A	Apollo P. Madrid (no relationship with nominator)	July 3, 2007	June 25, 2014, x years	Annual Meeting	7 years
Ricardo A. Balbido, Jr.	ID	N/A	Apollo P. Madrid (no relationship with	July 14, 2005	June 25, 2014	Annual Meeting	9 years

[1] Reckoned from the election immediately following January 2, 2012.

			nominator)				

(b) Provide a brief summary of the corporate governance policy that the board of directors has adopted. Please emphasize the policy/ies relative to the treatment of all shareholders, respect for the rights of minority shareholders and of other stakeholders, disclosure duties, and board responsibilities.

The Board has adopted the Revised Corporate Governance Manual in 2010 for the Company. The Manual elaborates on the governance roles and responsibilities of the Board and its Directors. The Board ensures that all material information about the Company is disclosed to the public on a timely manner. The Board likewise is strongly committed to respect and promote the rights of stockholders in accordance with the Revised Corporate Governance Manual, the Company's Articles of Incorporation, and By-Laws.

(c) How often does the Board review and approve the vision and mission?

The Board reviews and approves the vision and mission of the company when the need arises.

(d) Directorship in Other Companies

✓ Directorship in the Company's Group[2]

Identify, as and if applicable, the members of the company's Board of Directors who hold the office of director in other companies within its Group:

Director's Name	**Corporate Name of the Group Company**	**Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.**
John L. Gokongwei, Jr.	JG Summit Holdings, Inc.	Executive
	Universal Robina Corporation	Executive
	Gokongwei Brothers Foundation, Inc.	Executive, Chairman
	JG Summit Petrochemical Corporation	Non-Executive
	Cebu Air, Inc.	Non-Executive
	JG Summit Capital Markets Corporation	Non-Executive
	Robinsons Land Corporation	Executive
	CFC Corporation	Non-Executive
	Robinsons, Inc.	Non-Executive
	Bio-Resource Power Generation Corporation	Non-Executive
	United Industrial Corporation Limited	Executive
	Singapore Land Limited	Executive, Chairman
James L. Go	JG Summit Holdings, Inc.	Executive, Chairman
	Robinsons Land Corporation	Executive, Chairman
	Gokongwei Brothers Foundation, Inc.	Executive
	JG Summit Petrochemical Corporation	Executive, Chairman
	Universal Robina Corporation	Executive, Chairman
	JG Summit Capital Markets Corporation	Non-Executive
	Cebu Air, Inc	Non-Executive
	CFC Corporation	Non-Executive
	Robinsons Inc.	Executive, Chairman

[2] The Group is composed of the parent, subsidiaries, associates and joint ventures of the company.

	Bio-Resource Power Generation Corporation	Non-Executive
	Robinsons Holdings, Inc.	
	United Industrial Corporation Limited	Non-Executive
	Singapore Land Limited	Non-Executive
	Marina Center Holdings, Inc.	Non-Executive
	Hotel Marina City Private Limited	Non-Executive
	Philippine Long Distance Telephone Company	Non-Executive
Lance Y. Gokongwei	Universal Robina Corporation	Executive
	Robinsons Land Corporation	Executive
	Gokongwei Brothers Foundation, Inc.	Non-Executive
	JG Summit Petrochemical Corporation	Executive
	Cebu Air, Inc.	Executive
	JG Summit Capital Markets Corporation	Executive
	JGSummit Holdings, Inc.	Executive
	CFC Corporation	Executive, Chairman
	Robinsons Inc.	Executive
	United Industrial Corp. Ltd.	Non-Executive
	Robinsons Bank Corporation Corporation	Executive, Chairman
	Express Holdings, Inc.	Executive, Chairman
	Robinsons Supermarket Corporation	Executive
Robert G. Coyiuto	JG Summit Holdings Inc.	Non-Executive
James G. Coyiuto	None	N/A
Perry L. Pe	None	N/A
Benedicto T. Coyiuto	None	N/A
Gabriel C. Singson	Gokongwei Brothers Foundation, Inc., Inc.	Non-Executive
Josephine V. Barcelon	None	N/A
Antonio L. Go	Cebu Air, Inc. United Industrial Corp. Ltd.	ID
Ricardo A. Balbido	None	N/A

✓ Directorship in Other Listed Companies

Identify, as and if applicable, the members of the company's Board of Directors who are also directors of publicly-listed companies outside of its Group:

Director's Name	Name of Listed Company	Type of Directorship (Executive, Non-Executive, Independent). Indicate if director is also the Chairman.
John L. Gokongwei, Jr.	A. Soriano Corporation	Non-Executive
Gabriel C. Singson	Rizal Commercial Banking Corporation	Non-Executive
Robert G. Coyiuto, Jr.		
Perry L. Pe	Araneta Properties Inc.	Non-Executive
James G. Coyiuto		
Antonio L. Go	Equitable Computer Services, Inc. Equicom Savings Bank	Chairman Non-Executive

	Algo Leasing and Finace Inc. Digital Communications Phils. Inc. Equicom Manila Holdings Inc. Equicom Information Technology, Inc. Equitable Foundation, Inc. Go Kim Pah Foundation Inc. Maxicare Healthcare Corporation Medilink Network Inc. Pin-An holdings, Inc.	Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive Non-Executive

✓ Relationship within the Company and its Group

Provide details, as and if applicable, of any relation among the members of the Board of Directors, which links them to significant shareholders in the company and/or in its group:

Director's Name	Name of the Significant Shareholder	Description of the Relationship
James L. Go	John Gokongwei, Jr.	James L. Go is the brother of John L. Gokongwei, Jr.
Lance Y. Gokongwei	John Gokongwei, Jr.	Lance Y. Gokongwei is the son of John L. Gokongwei, Jr.
James G. Coyiuto	Robert G. Coyiuto, Jr.	James G. Coyiuto is the brother of Robert G. Coyiuto
Benedicto T. Coyiuto	Robert G. Coyiuto	Benedicto T. Coyiuto is the son of Robert G. Coyiuto

✓ Has the company set a limit on the number of board seats in other companies (publicly listed, ordinary and companies with secondary license) that an individual director or CEO may hold simultaneously? In particular, is the limit of five board seats in other publicly listed companies imposed and observed? If yes, briefly describe other guidelines:

The Company has not set a limit on the number of board seats in other companies that an individual director or CEO may hold simultaneously. Guidelines observed are stated in Article II Section 13 of the Revised Corporate Governance Manual.

	Guidelines	Maximum Number of Directorships in other companies
Executive Director **Non-Executive Director** **CEO**	A Director shall exercise due discretion in accepting and holding directorships and officerships in other corporations. A Director may hold any number of directorships or officerships outside the corporation provided that, in the Director's opinion, these other positions do not detract or compromise the Director's capacity to diligently perform his duties as a Director of the Corporation.	The Company has not set a limit on the number of board seats in other companies that an individual director or CEO may hold simultaneously.

(c) Shareholding in the Company

Complete the following table on the members of the company's Board of Directors who directly and indirectly own shares in the company:

Name of Director	Number of Direct Shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
John L. Gokongwei	107,001		
James L. Go	1		0.00%

Lance Y. Gokongwei	1		0.00%
Robert Coyiuto, Jr.	565,664,986		0.28%
Josephine V. Barcelon	100,000		
Perry L. Pe	513,621		
James G. Coyiuto	1		0.00%
Gabriel C. Singson	1		0.00%
Benedicto T. Coyiuto	10,000		0.00%
Ricardo A. Balbido, Jr.	100,000		0.00%
Antonio L. Go	1		0.00%
TOTAL	**566,602,616**		

2) Chairman and CEO

(a) Do different persons assume the role of Chairman of the Board of Directors and CEO? If no, describe the checks and balances laid down to ensure that the Board gets the benefit of independent views.

Yes ☐ **No** ✓

The roles and responsibilities of the Chairman of the Board of Directors and CEO are defined in the By-Laws and Revised Corporate Governance Manual to ensure that the Board gets independent views and perspectives.

Identify the Chairman and CEO:

Chairman of the Board	James L. Go
CEO	James L. Go

(b) Roles, Accountabilities and Deliverables

Define and clarify the roles, accountabilities and deliverables of the Chairman and CEO.

	Chairman	Chief Executive Officer
Role	Article V, Section 1 (a)of By-Laws a. Chairman of the Board and the Chief Executive Officer. The Chairman of the Board shall preside at all regular and special meetings of the Board and the annual and special meetings of the stockholders. He shall perform such other functions as may be decided by the Board of Directors.	Same
	(from Corporate Governance Manual, Article II, paragraph 11) 1. Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chairman may deem necessary. 2. Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the Directors and Management. 3. Maintain qualitative and timely lines of communication and information between the Board and Management.	same
Accountabilities	See above	

Deliverables	1. Agenda for the meetings 2. Statement of Management's Responsibility for audited financial statements 3. SEC Form 17-A 4. Other reports required by law	1. Statement of Management's Responsibility for audited financial statements 2. SEC Form 17-A 3. Other reports required by law

3) Explain how the board of directors plan for the succession of the CEO/Managing Director/President and the top key management positions?

4) Other Executive, Non-Executive and Independent Directors

Does the company have a policy of ensuring diversity of experience and background of directors in the board? Please explain.

The Company does not have said written policy. However, the current Directors have diverse background and work experience.

Does it ensure that at least one non-executive director has an experience in the sector or industry the company belongs to? Please explain.

The Company does not have a policy that states that at least one non-executive director has experience in the sector or industry the Company belongs to. The Company has non-executive directors that are well experienced that allow them to give objective views, perspectives, and decisions on matters raised to the Board.

Define and clarify the roles, accountabilities and deliverables of the Executive, Non-Executive and Independent Directors:

	Executive	Non-Executive	Independent Director
Role	A Director's Office is one of trust and confidence. A Director should act in the best interest of the Corporation in a manner characterized by transparency, accountability, and fairness. He should also exercise leadership, prudence, and integrity in directing the Corporation towards sustained progress. A Director should observe the following norms of conduct: 1. **Conduct fair business transactions with the Corporation, and ensure that his personal interest does not conflict with the interests of the Corporation.** The basic principle to be	Same	Same

	observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process. A director who has a continuing material conflict of interest should seriously consider resigning from his position. A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the Corporation, or stands to acquire or gain financial advantage at the expense of the Corporation. 2. **Devote the time and attention necessary to properly and effectively perform his duties and responsibilities.** A director should devote sufficient time to familiarize himself with the Corporation's business. He should be constantly aware of and knowledgeable with the Corporation's operations to enable him to meaningfully contribute to the Board's work. He should attend and actively participate in Board and committee		

	meetings, review meeting materials and, if called for, ask questions or seek explanation. 3. **Act judiciously.** Before deciding on any matter brought before the Board, a director should carefully evaluate the issues and, if necessary, make inquiries and request clarification. 4. **Exercise independent judgment.** A director should view each problem or situation objectively. If a disagreement with other Directors arises, he should carefully evaluate and explain his position. He should not be afraid to take an unpopular position. Corollary, he should support plans and ideas that he thinks are beneficial to the Corporation. 5. **Have a working knowledge of the statutory and regulatory requirements that affect the Corporation, including its articles of incorporation and By-Laws, the rules and regulations of the Commission and, where applicable, the requirements of relevant regulatory agencies.** A director should also keep abreast with industry developments and business trends in order to promote the Corporation's competitiveness. 6. **Observe**		

	confidentiality. A director should keep secure and confidential all non-public information he may acquire or learn by reason of his position as director. He should not reveal confidential information to unauthorized persons without the authority of the Board. 7. **Have a working knowledge of the corporation's control systems.** A director shall ensure the continuing soundness, effectiveness, and adequacy of the Corporation's control environment.		
Accountabilities	See above	See above	See above
Deliverables	1. Exercises the powers of the Board of Directors as stated in the By-Laws 2. Executes all resolutions and the minutes of the meetings of the Board of Directors	Exercises the powers of the Board of Directors as stated in the By-Laws	1. Exercises the powers of the Board of Directors as stated in the By-Laws 2. Submits at the time of his election a certification confirming that he possesses the qualifications and none of the disqualifications to serve as an independent director of the Company.

Provide the company's definition of "independence" and describe the company's compliance to the definition.

An independent director is a person who, apart from his fees and shareholdings, is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with his exercise of independent judgment in carrying out his responsibilities as a director in the corporation and includes, among others, any person who:

1 Is not a director or officer or substantial stockholder of the corporation or of its related companies or any of its substantial shareholders except when the same shall be an independent director of any of the foregoing;
2 Does not own more than two percent (2%) of the shares of the corporation and/or its related companies or any of its substantial shareholders;
3 Is not a relative of any director, officer or substantial shareholder of the corporation, any of its related companies or any of its substantial shareholders. For this purpose, relatives include spouse, parent, child, brother, sister, and the spouse of such child, brother or sister;
4 Is not acting as a nominee or representative of any director or substantial shareholder of the corporation, and/or any of its related companies and/or any of its substantial shareholders, pursuant to a Deed of Trust or under any contract or arrangement;
5 Has not been employed in any executive capacity by the corporation, any of its related companies and/or by any of its substantial shareholders within the last two (2) years.
6 Is not retained, either personally or through his firm or any similar entity, as professional adviser, by the corporation, any of its

related companies and/or any of its substantial shareholders, within the last two (2) years; or

7 Has not engaged and does not engage in any transaction with the corporation and/or with any of its related companies and/or with any of its substantial shareholders, whether by himself and/or with other persons and/or through a firm of which he is a partner and/or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arms length and are immaterial.

Does the company have a term limit of five consecutive years for independent directors? If after two years, the company wishes to bring back an independent director who had served for five years, does it limit the term for no more than four additional years? Please explain.

The Corporation will comply with the term limits for independent directors prescribed under SEC Memorandum Circular No. 9, Series of 2011.

5) Changes in the Board of Directors (Executive, Non-Executive and Independent Directors)

(a) Resignation/Death/Removal

Indicate any changes in the composition of the Board of Directors that happened during the period:

Name	Position	Date of Cessation	Reason
Not Applicable			

(b) Selection/Appointment, Re-election, Disqualification, Removal, Reinstatement and Suspension

Describe the procedures for the selection/appointment, re-election, disqualification, removal, reinstatement and suspension of the members of the Board of Directors. Provide details of the processes adopted (including the frequency of election) and the criteria employed in each procedure:

Procedure	Process Adopted	Criteria
a. Selection/Appointment		
(i) Executive Directors	Article III, Section 1 of the By-Laws The directors shall be elected annually by the stockholders from among stockholders of record, as of the record date set by the Board of Directors for purposes of such election, which record date shall be at least sixty (60) days prior to the annual stockholders meeting for the term of one (1) year and/or until the election and acceptance of their duly qualified successors.	• Must own at least one share of the capital stock of the Company in his own name. • A majority of the directors must be residents of the Philippines. • He must not have been convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years or a violation of the Corporation Code, committed within five years before the date of his election. • He must be of legal age.
(ii) Non-Executive Directors	Same as above	Same as above
(iii) Independent Directors	1. The Nomination Committee (the “Committee”) shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the corporation’s information or proxy statement or such other reports required to be submitted to the Commission. 2. Nomination of independent director/s shall be conducted by the Committee prior	An independent director shall have the following: 1.1 He shall have at least one (1) share of stock of the corporation; 1.2 He shall be at least a college graduate or he has sufficient management experience to substitute for such formal education; 1.3 He shall be twenty one (21) years old up to seventy (70) years old, however, due consideration shall be given to

	to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees. 3. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s. 4. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Corporation is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee. 5. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as independent director/s. No other nomination shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained nor allowed on the floor during the actual annual stockholders' meeting. 6. Election of Independent Director/s 6.1 Except as those required under this Rule and subject to pertinent existing laws, rules and regulations of the Commission, the conduct of the election of independent director/s shall be made in accordance with the standard election procedures of the company or its by-laws. 6.2 It shall be the responsibility of the Chairman of the Meeting to inform all stockholders in attendance of the mandatory requirement of electing independent director/s. He shall ensure that an independent director/s are elected during the stockholders' meeting. 6.3 Specific slot/s for independent directors shall not be filled-up by unqualified nominees.	qualified Independent Directors up to the age of eighty (80); 1.4 He shall have proven to possess integrity and probity; and 1.5 He shall be assiduous.

	6.4 In case of failure of election for independent director/s, the Chairman of the Meeting shall call a separate election during the same meeting to fill up the vacancy.	
b. Re-appointment		
(i) Executive Directors	Same process as stated above for selection/appointment of Executive Directors	Same criteria as stated above for selection/appointment of Executive Directors
(ii) Non-Executive Directors	Same process as stated above for selection/appointment of Non-Executive Directors	Same criteria as stated above for selection/appointment of Non-Executive Directors
(iii) Independent Directors	Same process as stated above for selection/appointment of Independent Directors	Same criteria as stated above for selection/appointment of Independent Directors
c. Permanent Disqualification		
(i) Executive Directors		Criteria for the permanent disqualification of a Director are specified in the Revised Corporate Governance Manual.
(ii) Non-Executive Directors		Same as above
(iii) Independent Directors		Same as above with additional criteria, as follows: No person enumerated under Section II (5) of the Code of Corporate Governance shall qualify as an independent director. He shall likewise be disqualified during his tenure under the following instances or causes: 2.1 He becomes an officer or employee of the corporation where he is such member of the board of directors/trustees, or becomes any of the persons enumerated under letter (A) hereof; 2.2 His beneficial security ownership exceeds two percent (2%) of the outstanding capital stock of the corporation where he is such director; 2.3 Fails, without any justifiable cause, to attend at least 50% of the total number of Board meetings during his incumbency unless such absences are due to grave illness or death of an immediate family; 2.4 Such other disqualifications that the Corporate Governance Manual provides.

d. Temporary Disqualification		
(i) Executive Directors		Criteria for the temporary disqualification of a Director are specified in the Revised Corporate Governance Manual.
(ii) Non-Executive Directors		Same as above
(iii) Independent Directors		Same as above
e. Removal		
(i) Executive Directors	1. It must take place either at a regular meeting or special meeting of the stockholders or members called for the purpose; 2. There must be previous notice to the stockholders or members of the intention to remove; 3. The removal must be by a vote of the stockholders representing 2/3 of Outstanding Capital Stock or 2/3 of members. 4. The director may be removed with or without cause unless he was elected by the minority, in which case, it is required that there is cause for removal.	Criteria for the removal of a Director are specified in the Revised Corporate Governance Manual.
(ii) Non-Executive Directors	1. It must take place either at a regular meeting or special meeting of the stockholders or members called for the purpose; 2. There must be previous notice to the stockholders or members of the intention to remove; 3. The removal must be by a vote of the stockholders representing 2/3 of Outstanding Capital Stock or 2/3 of members. 4. The director may be removed with or without cause unless he was elected by the minority, in which case, it is required that there is cause for removal.	Same as above
(iii) Independent Directors		Same as above
f. Re-instatement		
(i) Executive Directors	Same process as stated above for selection/appointment of Executive Directors	Criteria for the re-instatement of a Director are specified in the Revised Corporate Governance Manual.
(ii) Non-Executive Directors	Same process as stated above for selection/appointment of Non-Executive Directors	Same as above
(iii) Independent Directors	Same process as stated above for selection/appointment of Independent Directors	Same as above
g. Suspension		
(i) Executive Directors		Criteria for the suspension of a Director are specified in the Revised Corporate Governance Manual.
(ii) Non-Executive Directors		Same as above
(iii) Independent Directors		Same as above

Voting Result of the last Annual General Meeting

Name of Director	Votes Received
John L. Gokongwei, Jr.	More than a majority vote
James L. Go	
Robert Coyiuto, Jr.	
Lance Y. Gokongwei	
Perry L. Pe	
Josephine V. Barcelon	
James G. Coyiuto	
Gabriel C. Singson	
Benedicto T. Coyiuto	
Antonio L. Go	
Ricardo A. Balbido, Jr.	

6) Orientation and Education Program

(a) Disclose details of the company's orientation program for new directors, if any.

New directors receive appropriate orientation from the Corporate Secretary when first appointed to the Board. The directors are likewise given an orientation kit that includes the latest Annual Report, Definitive Information Statement, relevant disclosures to the SEC and PSE, Revised Corporate Governance Manual, related governance policies, etc. This is to ensure that new Directors become familiar with the Company's business and governance processes.

(b) State any in-house training and external courses attended by Directors and Senior Management[3] for the past three (3) years:

(c) Continuing education programs for directors: programs and seminars and roundtables attended during the year.

Name of Director/Officer	**Date of Training**	**Program**	**Name of Training Institution**
John L. Gokongwei, Jr.	June 17, 2014	Corporate Governance	Sycip, Gorres, Velayo & Co.
James L. Go	June 17, 2014	Corporate Governance	Sycip, Gorres, Velayo & Co.
Lance Y. Gokongwei	June 17, 2014	Corporate Governance	Sycip, Gorres, Velayo & Co.
Robert G. Coyiuto, Jr.	July 7, 2014	Corporate Governance	Philippine Securities Consultancy Corporation
Perry L. Pe			
Josephine V. Barcelon	August 19, 2014	Corporate Governance	Institute of Corporate Directors
James G. Coyiuto	July 7, 2014	Corporate Governance	Philippine Securities Consultancy Corporation
Gabriel C. Singson			
Benedicto T. Coyiuto	July 17, 2014	Corporate Governance	Philippine Securities Consultancy Corporation
Antonio L. Go	June 17, 2014	Corporate Governance	Sycip, Gorres, Velayo & Co.
Ricardo A. Balbido, Jr.	June 17, 2014	Corporate Governance	Sycip, Gorres, Velayo & Co.

[3] Senior Management refers to the CEO and other persons having authority and responsibility for planning, directing and controlling the activities of the company.

B. CODE OF BUSINESS CONDUCT & ETHICS

1) Discuss briefly the company's policies on the following business conduct or ethics affecting directors, senior management and employees:

Business Conduct & Ethics	Directors	Senior Management	Employees
1. Conflict of Interest	The Company's Code of Business Conduct requires employees to make a conscious effort to avoid conflict of interest situations; that his judgment and discretion is not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.	Same	Same
2. Conduct of Business and Fair Dealings	The Company's employees that recommend, endorse, or approve the procurement or /sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions that they are involved in.	Same	Same
3. Receipt of gifts from third parties			
4. Compliance with Laws & Regulations	The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.	Same	Same
5. Respect for Trade Secrets/Use of Non-public Information	The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after disclosure to the SEC and PSE by the Company's authorized officers.	Same	Same
6. Use of Company Funds, Assets and Information			
7. Employment & Labor Laws & Policies	The Company's Administration Office ensures compliance with employment and labor laws and policies.	Same	Same
8. Disciplinary action	Violation of any provision of the Code of Business Conduct may result to disciplinary action, including dismissal and reimbursement for any loss to the Company that results from the employee's action. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.	Same	Same
9. Whistle Blower			
10. Conflict Resolution			

2) Has the code of ethics or conduct been disseminated to all directors, senior management, and employees?

Yes. The Company's Code of Business Conduct has been disseminated to all directors, senior management, and employees.

3) Discuss how the company implements and monitors compliance with the code of ethics or conduct.

All new employees undergo an orientation program to familiarize themselves with the Code. Relevant disclosure and compliance statements are likewise secured prior employment or engagement with the Company. Employees are likewise required to give relevant disclosures on an annual basis.

4) Related Party Transactions

(a) Policies and Procedures

Describe the company's policies and procedures for the review, approval or ratification, monitoring and recording of related party transactions between and among the company and its parent, joint ventures, subsidiaries, associates, affiliates, substantial stockholders, officers and directors, including their spouses, children and dependent siblings and parents and of interlocking director relationships of members of the Board.

The Executive Committee is actively involved in planning, approving, reviewing, and assessing the performance of each of the Company's transactions with related parties. The Executive Committee oversees the decision making process for the Company and the Group. The Executive Committee's functions are supported by the heads of each of the operating segments, which provide essential input and advice in the decision-making process.

Related Party Transactions	Policies and Procedures
(1) Parent Company	Not applicable. OPMC is the Parent Company.
(2) Joint Ventures	Transfer of funds/advances is approved by the Chairman/CEO and the President / COO
(3) Subsidiaries	Transfer of funds/advances is approved by the Chairman/CEO and the President / COO
(4) Entities Under Common Control	Transactions are approved by the Executive Committee.
(5) Substantial Stockholders	Transactions are approved by the Executive Committee.
(6) Officers including spouse/children/siblings/parents	Transactions are approved by the Executive Committee.
(7) Directors including spouse/children/siblings/parents	Transactions are approved by the Executive Committee.
(8) Interlocking director relationship of Board of Directors	The Corporation, adopts by law, the rules pertaining to interlocking directors, as follows: a) If the interests of the interlocking director in the corporations are both substantial (stockholdings exceed 20% of outstanding capital stock) General Rule: A contract between two or more corporations having interlocking directors shall not be invalidated on that ground alone. Exception: If the contract is fraudulent or not fair and reasonable. b) If the interest of the interlocking director in one of the corporations is nominal while substantial in the other (stockholdings 20% or more), the contract shall be valid provided the following conditions are present: 1) The presence of such director in the board meeting in which the contract was approved was not necessary to constitute a quorum for such meeting; 2) That the vote of such director was not necessary for the approval of the contract; 3) That the contract is fair and reasonable under the circumstances. Where (1) and (2) are absent , the contract can be ratified by the vote of the stockholders representing at least 2/3 of the outstanding capital stock or by the vote of the stockholders representing at least 2/3 of the members in a meeting called for the purpose. Provided that: 1) Full disclosure of the adverse interest of the directors/trustees involved is made on such meeting; 2) The contract is fair and reasonable under the circumstances.

(b) Conflict of Interest

(i) Directors/Officers and 5% or more Shareholders

Identify any actual or probable conflict of interest to which directors/officers/5% or more shareholders may be involved.

Details of Conflict

	of Interest (Actual or Probable)
Name of Director/s	None
Name of Officer/s	None
Name of Significant Shareholders	None

(ii) Mechanism

Describe the mechanism laid down to detect, determine and resolve any possible conflict of interest between the company and/or its group and their directors, officers and significant shareholders.

	Directors/Officers/Significant Shareholders
Company	Entities and persons that wish to transact business with the company are required to submit accreditation papers and undergo evaluation by designated committees that recommended accreditation. Disclosure of relationships are required.
Group	Same as above.

5) Family, Commercial and Contractual Relations

(a) Indicate, if applicable, any relation of a family,[4] commercial, contractual or business nature that exists between the holders of significant equity (5% or more), to the extent that they are known to the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description of the Relationship
None		

(b) Indicate, if applicable, any relation of a commercial, contractual or business nature that exists between the holders of significant equity (5% or more) and the company:

Names of Related Significant Shareholders	Type of Relationship	Brief Description
None		

(c) Indicate any shareholder agreements that may impact on the control, ownership and strategic direction of the company:

Name of Shareholders	% of Capital Stock affected (Parties)	Brief Description of the Transaction
None		

6) Alternative Dispute Resolution

Describe the alternative dispute resolution system adopted by the company for the last three (3) years in amicably settling conflicts or differences between the corporation and its stockholders, and the corporation and third parties, including regulatory authorities.

	Alternative Dispute Resolution System
Corporation & Stockholders	
Corporation & Third Parties	
Corporation & Regulatory Authorities	

C. BOARD MEETINGS & ATTENDANCE

1) Are Board of Directors' meetings scheduled before or at the beginning of the year?

[4] Family relationship up to the fourth civil degree either by consanguinity or affinity.

These are scheduled before the beginning of the year.

2) Attendance of Directors

Board	Name	Date of Election	No. of Meetings Held during the year	No. of Meetings Attended	%
Chairman Emeritus	John L. Gokongwei, Jr.	June 25, 2014	4	4	100%
Chairman / CEO	James L. Go	June 25, 2014	4	4	100%
President / COO	Robert Coyiuto, Jr.	June 25, 2014	4	4	100%
Member	Lance Y. Gokongwei	June 25, 2014	4	3	75%
Member	Perry L. Pe	June 25, 2014	4	3	75%
Member	Benedicto. Coyiuto	June 25, 2014	4	2	50%
Member	James G. Coyiuto	June 25, 2014	4	3	75%
Member	Gabriel C. Singson	June 25, 2014	4	2	50%
Member	Josephine V. Barcelon	June 25, 2014	4	2	50%
Independent	Ricardo A. Balbido, Jr.	June 25, 2014	4	2	50%
Independent	Antonio L. Go	June 25, 2014	4	3	75%

3) Do non-executive directors have a separate meeting during the year without the presence of any executive? If yes, how many times?

No.

4) Is the minimum quorum requirement for Board decisions set at two-thirds of board members? Please explain.

A majority of the subscribed capital, present in person or represented by proxy, shall be sufficient at a stockholders' meeting to constitute a quorum for the election of directors and for the transaction of any business whatsoever, except in those cases in which the Corporation Code requires the affirmative vote of a greater proportion.

5) Access to Information

(a) How many days in advance are board papers[5] for board of directors meetings provided to the board?

At least three (3) working days before the meeting together with notice of meeting.

(b) Do board members have independent access to Management and the Corporate Secretary?

Yes. Board members have independent access to Management and the Corporate Secretary.

(c) State the policy of the role of the company Secretary. Does such role include assisting the Chairman in preparing the board agenda, facilitating training of directors, keeping directors updated regarding any relevant statutory and regulatory changes, etc?

(Article IX of Corporate Governance Manual)
The Corporate Secretary shall:

1. Be loyal to the mission, vision, and objectives of the Corporation.
2. Work fairly and objectively with the Board, Management, and stockholders.
3. Possess appropriate administrative and interpersonal skills.
4. Have a working knowledge of the operations of the corporation.
5. Be aware of the laws, rules, and regulations necessary in the performance of his duties and responsibilities.

[5] Board papers consist of complete and adequate information about the matters to be taken in the board meeting. Information includes the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.

6. Be responsible for the safekeeping and preservation of the integrity of the minutes of the meeting of the Board and its Committees, as well as other official records of the Corporation.
7. Gather and analyze all documents, records and other information essential to the conduct of his duties and responsibilities to the Corporation.
8. As to agenda, get a complete schedule thereof at least for the current year and put the Board on notice before every meeting.
9. Inform the members of the Board, in accordance with the by-laws, of the agenda of their meetings and ensure that the members have before them accurate information that will enable them to arrive at intelligent decisions on matters that require their approval.
10. Attend all Board meetings, except when justifiable causes, such as illness, death in the immediate family and serious accidents, prevent him from doing so.
11. Ensure that all Board procedures, rules, and regulations are strictly followed by the members.
12. Submit every 30th day of January of each year (as may be required by the Commission), an annual certification as to the attendance of the Directors during Board meetings.

(d) Is the company secretary trained in legal, accountancy or company secretarial practices? Please explain should the answer be in the negative.

Yes.

(e) Committee Procedures

Disclose whether there is a procedure that Directors can avail of to enable them to get information necessary to be able to prepare in advance for the meetings of different committees:

Yes [x] No [ ]

Committee	Details of the procedures
Executive Audit Nomination Remuneration	(Paragraph 9 of Article II of Corporate Governance Manual) To enable the Directors to properly fulfill their duties and responsibilities, Management should provide the Directors with complete, adequate and timely information about the matters to be taken in their meetings. Reliance on information volunteered by Management would not be sufficient in all circumstances and further inquiries may have to be made by a Director to enable him to properly perform his duties and responsibilities. Hence, the Directors is given independent access to Management and to the Corporate Secretary. The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents.

6) External Advice

Indicate whether or not a procedure exists whereby directors can receive external advice and, if so, provide details:

Procedures	Details
(Paragraph 9 of Article II of Corporate Governance Manual) The Directors, either individually or as a Board, and in furtherance of their duties and responsibilities, should have access to independent professional advice at the corporation's expense.	

7) Change/s in existing policies

Indicate, if applicable, any change/s introduced by the Board of Directors (during its most recent term) on existing policies that may have an effect on the business of the company and the reason/s for the change:

Existing Policies	Changes	Reason
None		

D. REMUNERATION MATTERS

1) Remuneration Process

Disclose the process used for determining the remuneration of the CEO and the four (4) most highly compensated management officers:

Process	CEO	Top 4 Highest Paid Management Officers
(1) Fixed remuneration	Based on the compensation structure and policies of the Company on salary adjustments promotions and performance assessments.	
(2) Variable remuneration	None	
(3) Per diem allowance	Each officer shall receive a reasonable per diem for his attendance at meetings and / or official business trips	
(4) Bonus	Determined upon achievement of performance based matrix	
(5) Stock Options and other financial instruments	None	
(6) Others (specify)	Rice, leave credits	

2) Remuneration Policy and Structure for Executive and Non-Executive Directors

Disclose the company's policy on remuneration and the structure of its compensation package. Explain how the compensation of Executive and Non-Executive Directors is calculated.

	Remuneration Policy	Structure of Compensation Packages	How Compensation is Calculated
Executive Directors	Performance based matrices		
Non-Executive Directors	Each director shall receive a reasonable allowance for his attendance at meeting		

Do stockholders have the opportunity to approve the decision on total remuneration (fees, allowances, benefits-in-kind and other emoluments) of board of directors? Provide details for the last three (3) years.

Remuneration Scheme	Date of Stockholders' Approval
Ratification of acts of the Board of Directors, its Committees, officers and Management	June 25, 2014
Ratification of acts of the Board of Directors, its Committees, officers and Management	June 27, 2013
Ratification of acts of the Board of Directors, its Committees, officers and Management	June 28, 2012

3) Aggregate Remuneration

Complete the following table on the aggregate remuneration accrued during the most recent year:

The summary compensation table, as set forth below, shows the aggregate compensation of the: (a) CEO and 4 most highly compensated executive officers; and (b) all other directors and officers as a group unnamed.

Name / Position	Actual - Fiscal Year 2014
	Total Salary
A. CEO and Four (4) most highly compensated executive officers	₽ 7,183,423
1. James L. Go - Chairman and Chief Executive Officer	
2. Robert Coyiuto, Jr. - President and Chief Operating Officer	
3. Jeanette Yu - Chief Financial Officer and Treasurer*	
4. Apollo P. Madrid - Senior Vice President for Operations	
5. Aldrich Javellana - Chief Financial Officer	
6. Teresita Vasay - Treasurer	
B. All other officers and directors as a group unnamed	₽ 9,834,692

*Ms. Jeanette Yu retired from the company effective October 1, 2014.

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Remuneration Item	Executive Directors	Non-Executive Directors (other than independent directors)	Independent Directors
(a) Fixed Remuneration			
(b) Variable Remuneration			
(c) Per diem Allowance			
(d) Bonuses			
(e) Stock Options and/or other financial instruments			
(f) Others (Specify)			
Total	**See Above**		

Other Benefits	Executive Directors	Non-Executive Director (other than independent directors)	Independent Directors
1) Advances			
2) Credit granted			
3) Pension Plan/s Contributions	Please refer to Note 16 of the Notes to the Audited Financial Statements as of December 31, 2014.		
(d) Pension Plans, Obligations incurred			
(e) Life Insurance Premium			
(f) Hospitalization Plan	Healthcare coverage and benefits are provided by the Company through a health maintenance program.		
(g) Car Plan			
(h) Others (Specify)			
Total			

4) Stock Rights, Options and Warrants

(a) Board of Directors

Complete the following table, on the members of the company's Board of Directors who own or are entitled to stock rights, options or warrants over the company's shares:

Director's Name	Number of Direct Option/Rights/ Warrants	Number of Indirect Option/Rights/ Warrants	Number of Equivalent Shares	Total % from Capital Stock

Not applicable				

(b) Amendments of Incentive Programs

Indicate any amendments and discontinuation of any incentive programs introduced, including the criteria used in the creation of the program. Disclose whether these are subject to approval during the Annual Stockholders' Meeting:

Incentive Program	Amendments	Date of Stockholders' Approval
None		

5) Remuneration of Management

Identify the five (5) members of management who are not at the same time executive directors and indicate the total remuneration received during the financial year:

Name of Officer/Position	Total Remuneration
Ethelwoldo E. Fernandez/Corporate Secretary	P2,210,842
Apollo P. Madrid/SVP-Operations and Administration	
Jeanette U. Yu/Chief Financial Officer/Treasurer	

E. BOARD COMMITTEES

1) Number of Members, Functions and Responsibilities

Provide details on the number of members of each committee, its functions, key responsibilities and the power/authority delegated to it by the Board:

Committee	No. of Members			Committee Charter	Functions	Key Responsibilities	Power
	Executive Director (ED)	**Non-executive Director (NED)**	**Independent Director (ID)**				
Executive	3	2		The Board of Directors may form an Executive Committee composed of five (5) members to be elected by the Board of Directors from among its members. Said Committee may act by majority vote of its members, in the course of the normal business or businesses of the Company, on such matters within the competence of the Board, except with respect to: 1. Approval of any action for which shareholders approval is also required; 2. Filling of vacancies in the Board of Directors; 3. Amendment or repeal of the By-laws, or the adoption of new By-laws of the Company; 4. Amendment or repeal of any resolution of the Board which by its express terms is not so amendable or repealable; 5. Declaration and distribution of cash dividends to shareholders; and 6. Any matter that may be limited by law or by the Board of Directors by the majority vote of its members.			
Audit	1	3	1	The Audit Committee shall have the following functions: 1. Assist the Board in the performance of its oversight responsibility for the financial reporting process, system of internal controls, audit process and monitoring of compliance with applicable laws, rules and regulations.			

				2. Provide oversight over Management's activities in managing credit, market, liquidity, operational, legal and other risks of the Company. This function may include regular receipt from Management of information on risk exposures and risk management activities. 3. Perform oversight functions over the Company's Internal and External Auditors. It should ensure that the Internal and External Auditors are given reasonable access to all material records, properties and personnel to enable them to perform their respective audit functions. 4. Review the Annual Internal Audit Plan to ensure its conformity with the objectives of the Company. The Plan shall include the audit scope, resources and budget necessary to implement it. 5. Prior to the commencement of the audit, discuss with the External Auditor the nature, scope and expenses of the audit, and ensure proper coordination if more than one audit firm is involved in the activity to secure proper coverage and minimize duplication of efforts. 6. Ensure the establishment of an Internal Audit Department and the appointment of a Corporate Auditor and the terms and conditions of its engagement and removal. 7. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security. 8. Review the reports submitted by the Internal and External Auditors. 9. Review the quarterly, half-year and annual financial statements before their submission to the Board, with particular focus on the following: • any change/s in accounting policies and practices; • major judgmental areas; • significant adjustments resulting from the audit; • going concern assumptions; • compliance with accounting standards; and • compliance with tax, legal and regulatory requirements. 10. Coordinate, monitor and facilitate compliance with laws, rules and regulations. 11. Evaluate and determine the non-audit work, if any, of the External Auditor, and review periodically the non-audit fees paid to the External Auditor in relation to their significance to the total annual income of the External Auditor and to the Company's overall consultancy expenses. The Committee shall disallow any non-audit work that will conflict with his duties as an External Auditor or may pose a threat to his independence. If the non-audit work is allowed, this should be disclosed in the Company's Annual Report. 12. Establish and identify the reporting line of the Corporate Auditor to enable him to properly fulfill his duties and responsibilities. He shall functionally report directly to the Audit Committee. The Audit Committee shall ensure that, in the performance of the work of the Corporate Auditor, he shall be free from interference by outside

				parties.
Nomination	3	1	1	The Nomination Committee shall be responsible for ensuring that the selection of new members of the Board is transparent with the end objective of having the Board increase shareholder value. For this purpose, the Nomination Committee shall: 1. Pre-screen, evaluate the qualifications and shortlist all candidates nominated to become a Director in accordance with pertinent provisions of the Articles of Incorporation and By Laws of the Company, as well as established guidelines on qualifications and disqualifications. 2. Recommend guidelines in the selection of nominee/s for Director/s which may include the following based on the perceived needs of the Board at a certain point in time: • Nature of the business of the Corporations which he is a Director of • Age of the Director nominee • Number of directorships/active memberships and officerships in other corporations or organizations • Possible conflict of interest 3. Recommend guidelines in the determination of the optimum number of directorships/ active memberships and officerships in other corporations allowable for Directors. The capacity of Directors to serve with diligence shall not be compromised. 4. Recommend to the Board regarding the size and composition of the Board in view of long term business plans, and the needed appropriate skills and characteristics of Directors. Assess the effectiveness of the Board's processes and procedures in the election or replacement of Directors.
Remuneration	2	2	1	The Remuneration and Compensation Committee recommends for Board approval a formal and transparent policy and system of remuneration and evaluation of the Directors and Management Officers. For this purpose, the Committee shall: 1. Recommend a formal and transparent procedure for developing a policy on executive remuneration and evaluation and for fixing the remuneration packages of Directors and Management Officers that is consistent with the Company's culture, strategy, and business environment. 2. Recommend the amount of remuneration, which shall be in a sufficient level to attract and retain Directors and Management Officers who are needed to run the company successfully. 3. Disallow any Director to decide his remuneration. 4. Ensure that Full Business Interest Disclosure is part of the pre-employment requirements for all incoming Management Officers, which among others compel all Management Officers to declare under the penalty of perjury all of their existing business interests or shareholdings that may directly or indirectly conflict in their performance of duties once hired. 5. Review recommendations concerning the existing Human Resources Development Handbook, with the objective of strengthening provisions on conflict of interest, salaries and benefits policies, promotion and

				career advancement directives and compliance of personnel concerned with all statutory requirements that must be periodically met in their respective posts. 6. Provide in the Company's Annual Reports, information and proxy statements a clear, concise and understandable disclosure of aggregate compensation of its Executive Officers for the previous fiscal year and the ensuing year as prescribed by the Commission or other regulatory agency.
Others (specify)	None			

2) Committee Members

(a) Executive Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committ ee
Chairman	James L. Go	June 25, 2014	4	4	100%	12 years
Member (ED)	John L. Gokongwei, Jr.	June 25, 2014	4	4	100%	12 years
Member (ED)	Robert G. Coyiuto, Jr.	June 25, 2014	4	4	100%	12 years
Member (NED)	Lance Y. Gokongwei	June 25, 2014	4	4	100%	12 years
Member (NED)	Benedicto T. Coyiuto	June 25, 2014	4	4	100%	2 years

(b) Audit Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Committee Chairman (ID)	Antonio L. Go	June 25, 2014	1	1	100%	7 years
Member (ED)	Lance Y. Gokongwei	June 25, 2014	1	1	100%	12 years
Member (ED)	Perry L. Pe	June 25, 2014	1	1	100%	12 years
Member (NED)	James G. Coyiuto	June 25, 2014	1	1	100%	9 years
Member (NED)	Benedicto T. Coyiuto	June 25, 2014	1	1	100%	2 years

Disclose the profile or qualifications of the Audit Committee members.

(Paragraph 2 of Article III of Corporate Governance Manual)

1. The Board establishes the Audit Committee and appoints the members of the Committee.
2. This Audit Committee reports functionally to the Board.
3. The Audit Committee shall be composed of at least three (3) members from the Board, at least one (1) of whom shall always be Independent Director. The Board shall ensure that each member should have adequate competence and/or experience on accounting, finance and audit to enable them to discharge their responsibilities.
4. The Board shall appoint an Independent Director as Committee Chairman.
5. The Audit Committee, as a body, shall have neither executive nor managerial powers and duties in the Corporation except those relating to the management of the Corporate Auditor.

Describe the Audit Committee's responsibility relative to the external auditor.

See above functions of the Audit Committee.

(c) Nomination Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	James L. Go	June 25, 2014	1	1	100%	12 years
Member (ED)	Robert G. Coyiuto, Jr.	June 25, 2014	1	1	100%	12 years
Member (ED)	Perry L. Pe	June 25, 2014	1	1	100%	12 years
Member (NED)	James G. Coyiuto	June 25, 2014	1	1	100%	7 years
Member (ID)	Ricardo A. Balbido, Jr.	June 25, 2014	1	1	100%	9 years

(d) Remuneration Committee

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Chairman	James L. Go	June 25, 2014	1	1	100%	12 years
Member (ED)	Robert G. Coyiuto, Jr.	June 25, 2014	1	1	100%	12 years
Member (ED)	Lance Y. Gokongwei	June 25, 2014	1	1	100%	12 years
Member (NED)	James G. Coyiuto	June 25, 2014	1	1	100%	9 years
Member (ID)	Antonio L. Go	June 25, 2014	1	1	100%	7 years

(e) Others (Specify)

Provide the same information on all other committees constituted by the Board of Directors:

There no other committee constituted by the Board of Directors.

Office	Name	Date of Appointment	No. of Meetings Held	No. of Meetings Attended	%	Length of Service in the Committee
Not applicable						

3) Changes in Committee Members

Indicate any changes in committee membership that occurred during the year and the reason for the changes:

Name of Committee	Name	Reason
Executive	None	
Audit		
Nomination		
Remuneration		
Others (specify)		

4) Work Done and Issues Addressed

Describe the work done by each committee and the significant issues addressed during the year.

Name of Committee	Work Done	Issues Addressed
Executive		
Audit	Review of financial statements for approval of the Board	No significant issues that would put the Company and its subsidiaries at major

		risk
Nomination	Recommendation of nominees to be included in the final list of independent directors	No significant issues that would put the Company at major risk
Remuneration	Recommendation of budgets for merit increase and salary adjustments	No significant issues that would put the Company at major risk
Others (specify)	None	

5) Committee Program

Provide a list of programs that each committee plans to undertake to address relevant issues in the improvement or enforcement of effective governance for the coming year.

Name of Committee	Planned Programs	Issues to be Addressed
Executive		
Audit		
Nomination	Pre-screen qualifications of nominees for independent directors	No significant issues that would put the Company at major risk
Remuneration	Review and evaluate existing remuneration policies and procedures	No significant issues that would put the Company at major risk
Others (specify)	Not applicable	

F. RISK MANAGEMENT SYSTEM

1) Disclose the following:

(a) Overall risk management philosophy of the company;

The Company aims to identify, measure, analyze, monitor, and control all forms of risks that would affect the company.

(b) A statement that the directors have reviewed the effectiveness of the risk management system and commenting on the adequacy thereof;

There is no statement issued. The Audit Committee reviews the effectiveness of risk management systems employed by the company.

(c) Period covered by the review;

The Audit Committee periodically reviews the risk management system of the company through its meetings and review of required reports.

(d) How often the risk management system is reviewed and the directors' criteria for assessing its effectiveness; and

The adequacy of the risk management system is reviewed annually by the Audit Committee. On a quarterly basis, specific risk management processes and findings are reviewed and evaluated.

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

2) Risk Policy

(a) Company

Give a general description of the company's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Liquidity risk	Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts. The Company monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.	To minimize risk of not being able to meet funding obligations.
Credit risk	Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Company has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.	It is the Company's objective that losses are minimized due to credit risks.
Equity price risk	Equity price risk is such rick where the fair values of the investments in quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of the individual stock.	
Foreign currency risk	Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Company is engaged with. The Company's foreign exchange risk results primarily from movements of U.S. Dollar against other currencies.	The Company seeks to maintain a square or minimal position on its foreign currency exposure.
Interest rate risk	Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate exposure management policy centers on reducing its exposure to changes in interest rates. The Company's exposure to the risk of changes in	The Company's policy is to manage its interest income using a mix of fixed and variable rates, whichever has a higher yield.

	the interest rates relates primarily to the cash in bank with fixed interest rates.	

(b) Group

Give a general description of the Group's risk management policy, setting out and assessing the risk/s covered by the system (ranked according to priority), along with the objective behind the policy for each kind of risk:

Risk Exposure	Risk Management Policy	Objective
Liquidity risk	Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts. The Group monitors its cash flow position and overall liquidity position in assessing its exposure to liquidity risk. The Company maintains a level of cash and cash equivalents deemed sufficient to finance operations and to mitigate the effects of fluctuation in cash flows.	To minimize risk of not being able to meet funding obligations.
Credit risk	Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.	It is the Group's objective that losses are minimized due to credit risks.
Equity price risk	Equity price risk is such rick where the fair values of the investment sin quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of the individual stock.	
Foreign currency risk	Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Company is engaged with. The Company's foreign exchange risk results primarily from movements of U.S. Dollar against other currencies.	The Group seeks to maintain a square or minimal position on its foreign currency exposure.
Interest rate risk	Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's interest rate exposure	The Group's policy is to manage its interest income using a mix of fixed and variable rates, whichever has a higher yield.

	management policy centers on reducing its exposure to changes in interest rates. The Company's exposure to the risk of changes in the interest rates relates primarily to the cash in bank with fixed interest rates.	

(c) Minority Shareholders

Indicate the principal risk of the exercise of controlling shareholders' voting power.

Risk to Minority Shareholders
Due to statutory limitations on the obligations of majority shareholders with respect to minority shareholders, minority shareholders are subject to the risk of the exercise by the majority shareholders of their voting power. However, the Corporation Code provides for minority shareholders' protection in certain instances wherein a vote by the shareholders representing at least two-thirds of the Company's outstanding capital stock is required. The Corporation Code also grants shareholders an appraisal, right allowing a dissenting shareholder to require a corporation to purchase his shares in certain instances.

3) Control System Set Up

(a) Company

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Liquidity risk	Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts.	The Company maintains a level of cash and cash equivalents deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.
Credit risk	Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.	The Company transacts only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant. The Company has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.
Equity price risk	Equity price risk is such rick where the fair values of the investment sin quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of the individual stock.	
Foreign currency risk	Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company believes that its profile of foreign currency exposure on its assets and liabilities is	The Company makes use of derivative financial instruments, such as interest rate swaps, to hedge the variability in cash flows arising from fluctuation in benchmark interest rates

	within conservative limits in the type of business in which the Company is engaged with.	
Interest rate risk	Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The Company's interest rate exposure management policy centers on reducing its exposure to changes in interest rates. The Company's exposure to the risk of changes in the interest rates relates primarily to the cash in bank with fixed interest rates.

(b) Group

Briefly describe the control systems set up to assess, manage and control the main issue/s faced by the company:

Risk Exposure	Risk Assessment (Monitoring and Measurement Process)	Risk Management and Control (Structures, Procedures, Actions Taken)
Liquidity risk	Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Group seeks to manage its liquidity profile to be able to finance its operations, capital expenditures and service maturing debts.	The Group maintains a level of cash and cash equivalents deemed sufficient to finance its operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.
Credit risk	Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group trades only with its dealers. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.	The Group transacts only with recognized, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. The Group has a counterparty credit risk management policy which allocates investment limits based on counterparty credit ratings and credit risk profile.
Equity price risk	Equity price risk is such rick where the fair values of the investment sin quoted equity securities could decrease as a result of changes in the levels of equity indices and the value of the individual stock.	
Foreign currency risk	Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group believes that its profile of foreign currency exposure on its assets and liabilities is within conservative limits in the type of business in which the Group is engaged with.	The Group makes use of derivative financial instruments, such as interest rate swaps, to hedge the variability in cash flows arising from fluctuation in benchmark interest rates
Interest rate risk	Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.	The Group's interest rate exposure management policy centers on reducing its exposure to changes in interest rates. The Group's exposure to the risk of changes in the interest rates relates primarily to the cash in bank with fixed

		interest rates.

(c) Committee

Identify the committee or any other body of corporate governance in charge of laying down and supervising these control mechanisms, and give details of its functions:

Committee/Unit	Control Mechanism	Details of its Functions
Board of Directors (BOD)	The BOD of the Company and the respective BOD of each subsidiary are ultimately responsible for the oversight of the Group's risk management processes that involve identifying, measuring, analyzing, monitoring and controlling risks. Each BOD has created the board-level Audit Committee to spearhead the managing and monitoring of risks.	
Audit Committee (AC)	The AC shall assist the Group's BOD in its fiduciary responsibility for the over-all effectiveness of risk management systems, and both the internal and external audit functions of the Group. Furthermore, it is also the AC's purpose to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes.	The AC aims to ensure that: a. financial reports comply with established internal policies and procedures, pertinent accounting and auditing standards and other regulatory requirements; b. risks are properly identified, evaluated and managed, specifically in the areas of managing credit, market, liquidity, operational, legal and other risks, and crisis management; c. audit activities of internal and external auditors are done based on plan, and deviations are explained through the performance of direct interface functions with the internal and external auditors; and d. the Group's BOD is properly assisted in the development of policies that would enhance the risk management and control system.
Compliance Officer	The Compliance Officer assists the BOD in complying with the principles of good corporate governance.	He shall be responsible for monitoring actual compliance with the provisions and requirements of the Corporate Governance Manual and other requirements on good corporate governance, identifying and monitoring control

		compliance risks, determining violations, and recommending penalties on such infringements for further review and approval of the BOD, among others.

G. INTERNAL AUDIT AND CONTROL

1) Internal Control System

Disclose the following information pertaining to the internal control system of the company:

(a) Explain how the internal control system is defined for the company;

(b) A statement that the directors have reviewed the effectiveness of the internal control system and whether they consider them effective and adequate;

The company understands that the primary responsibility for the design, implementation and maintenance of internal control rest on Management; while the Board and its Audit Committee oversee actions of Management and monitor the effectiveness of controls put in place.

Audit Committee's purpose is to lead in the general evaluation and to provide assistance in the continuous improvements of risk management, control and governance processes. Monitor and evaluate the adequacy and effectiveness of the Company's internal control system, including financial reporting control and information technology security. And this committee meets quarterly and as often as necessary.

(c) Period covered by the review;

Not applicable.

(d) How often internal controls are reviewed and the directors' criteria for assessing the effectiveness of the internal control system; and

(e) Where no review was conducted during the year, an explanation why not.

Not applicable.

2) Internal Audit

(a) Role, Scope and Internal Audit Function

Give a general description of the role, scope of internal audit work and other details of the internal audit function.

Role	Scope	Indicate whether In-house or Outsource Internal Audit Function	Name of Chief Internal Auditor/Auditing Firm	Reporting process

(b) Do the appointment and/or removal of the Internal Auditor or the accounting /auditing firm or corporation to which the internal audit function is outsourced require the approval of the audit committee?

(c) Discuss the internal auditor's reporting relationship with the audit committee. Does the internal auditor have direct and unfettered access to the board of directors and the audit committee and to all records, properties and personnel?

(d) Resignation, Re-assignment and Reasons

Disclose any resignation/s or re-assignment of the internal audit staff (including those employed by the third-party auditing firm) and the reason/s for them.

Name of Audit Staff	Reason

(e) Progress against Plans, Issues, Findings and Examination Trends

State the internal audit's progress against plans, significant issues, significant findings and examination trends.

Progress Against Plans	
Issues[6]	
Findings[7]	
Examination Trends	

[The relationship among progress, plans, issues and findings should be viewed as an internal control review cycle which involves the following step-by-step activities:

1) Preparation of an audit plan inclusive of a timeline and milestones;
2) Conduct of examination based on the plan;
3) Evaluation of the progress in the implementation of the plan;
4) Documentation of issues and findings as a result of the examination;
5) Determination of the pervasive issues and findings ("examination trends") based on single year result and/or year-to-year results;
6) Conduct of the foregoing procedures on a regular basis.]

(f) Audit Control Policies and Procedures

Disclose all internal audit controls, policies and procedures that have been established by the company and the result of an assessment as to whether the established controls, policies and procedures have been implemented under the column "Implementation."

Policies & Procedures	Implementation
The Internal Auditor submits to the Audit Committee quarterly reports of the highlights of the audit engagements and a semi-annual report of the internal audit's activities and performance relative to the audit plans and strategies as approved by the Audit Committee. The Internal Auditor submits the yearly Audit plans to the Audit Committee who approves the same. Quarterly, the former reports to the latter the highlights of the audit engagements. On a monthly basis, audit plans are monitored and any changes in the audit plans are reported by the Audit teams to the Internal Auditor, who in turn updates the Audit Committee. At the end of each calendar year, the Chief Executive Officer (CEO) and Chief Audit Executive	Implemented

[6] "Issues" are compliance matters that arise from adopting different interpretations.
[7] "Findings" are those with concrete basis under the company's policies and rules.

(CAE) execute a written attestation that a sound internal audit, control and compliance system is in place and working effectively. The attestation is presented by the CAE during the Audit Committee meeting.	

(g) Mechanism and Safeguards

State the mechanism established by the company to safeguard the independence of the auditors, financial analysts, investment banks and rating agencies (example, restrictions on trading in the company's shares and imposition of internal approval procedures for these transactions, limitation on the non-audit services that an external auditor may provide to the company):

Auditors (Internal and External)	Financial Analysts	Investment Banks	Rating Agencies
The Audit Committee performs oversight functions over the Company's internal and external auditors. It should act independently from each other and that both auditors are given unrestricted access to records, properties and personnel to enable them to perform their respective audit functions.	The Company and its officers, staff and any other person who are privy to the material non-public information are prohibited to communicate material non-public information about the Corporation to any person, unless the Corporation is ready to simultaneously disclose the material non-public information to the Commission and to the Exchanges except if the disclosure is made to: • A person who is bound by duty to maintain trust and confidence to the Corporation such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and • A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.	The Company and its officers, staff and any other person who are privy to the material non-public information are prohibited to communicate material non-public information about the Corporation to any person, unless the Corporation is ready to simultaneously disclose the material non-public information to the Commission and to the Exchanges except if the disclosure is made to: • A person who is bound by duty to maintain trust and confidence to the Corporation such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and • A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.	The Company and its officers, staff and any other person who are privy to the material non-public information are prohibited to communicate material non-public information about the Corporation to any person, unless the Corporation is ready to simultaneously disclose the material non-public information to the Commission and to the Exchanges except if the disclosure is made to: • A person who is bound by duty to maintain trust and confidence to the Corporation such as but not limited to its auditors, legal counsels, investment bankers, financial advisers; and • A person who agrees in writing to maintain in strict confidence the disclosed material information and will not take advantage of it for his personal gain.

(h) State the officers (preferably the Chairman and the CEO) who will have to attest to the company's full compliance with the SEC Code of Corporate Governance. Such confirmation must state that all directors, officers and employees of the company have been given proper instruction on their respective duties as mandated by the Code and that internal mechanisms are in place to ensure that compliance.

Compliance with the principles of good governance is one of the objectives of the Board of Directors. To assist the Board in achieving this purpose, the Board has designated a Compliance Officer, who reports to the Chairman, who shall be responsible for monitoring the actual compliance of the Company with the provisions and requirements of good governance, identifying and monitoring control compliance risks, determining violations, and recommending penalties for such infringements for further review and approval of the Board, among others.

H. ROLE OF STAKEHOLDERS

1) Disclose the company's policy and activities relative to the following:

	Policy	Activities
Customers' welfare		
Supplier/contractor selection practice		
Environmentally friendly value-chain	The Company complies with government mandated policies on the environment.	Required environment management systems and energy management are rigidly complied with by the company.
Community interaction	The Company focus on uplifting the socio-economic condition of the country through education.	The Company, together with its Consortium partners, supports organizations that promote education of Filipinos through grants, endowments, scholarships, and educational facilities.
Anti-corruption programmes and procedures?	The Company has policies that cover Business Conduct, Conflict of Interest Policy, Offenses Subject to Disciplinary Action Policy, among others.	
Safeguarding creditors' rights	The Company abides with its financial and legal commitments to creditors.	

2) Does the company have a separate corporate responsibility (CR) report/section or sustainability report/section?

The Company's Corporate Responsibility Report is part of the Annual Report.

3) Performance-enhancing mechanisms for employee participation.

(a) What are the company's policy for its employees' safety, health, and welfare?

The Company abides by safety, health, and welfare standards and policies set by the Department of Labor and Employment. Likewise, the Company has Security and Safety Manuals that are implemented and regularly reviewed to ensure the security, safety, health, and welfare of the employees in the work place.

(b) Show data relating to health, safety and welfare of its employees.

The Company, thru its affiliate, JG Summit Holdings, Inc., has partnered with fitness gyms to offer special membership rates to employees. This is in addition to the free use of gym facilities in the different installations.

Year on year, the Company has facilitated vaccinations such as against flu and cervical cancer that are offered not only to employees but to their dependents as well. The Company has worked with healthcare providers in identifying top diseases based on utilization report and has invited resource speakers to talk about preventive measures.

(c) State the company's training and development programmes for its employees. Show the data.

(d) State the company's reward/compensation policy that accounts for the performance of the company beyond short-term financial measures

The Company has polices on annual merit increase and salary adjustments that are tied-up to the employees' performance assessments.

4) What are the company's procedures for handling complaints by employees concerning illegal (including corruption) and unethical behaviour? Explain how employees are protected from retaliation.

Employees can submit complaints to the Conflict of Interest Committee (CICOM) or any officer of the Company who would relay said complaints to the Committee. Reports or disclosures can be made in writing or by email to the Conflicts of Interest Committee (CICOM) using the following contact details:

	Details
a. email address	CICOM@jgsummit.com.ph
b. fax number	395-2890
c. mailing address Must be sent in a sealed envelope clearly marked "Strictly Private and Confidential-To Be Opened by Addressee Only"	CICOM JG Summit Holdings, Inc. 44th Flr. Robinsons Equitable Tower ADB Avenue, Cor., Poveda Road, Pasig City

The complaint should be filed using the Complaint/Disclosure Form (CDF) that is made available in the Company website. All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of CICOM.

I. DISCLOSURE AND TRANSPARENCY

1) Ownership Structure

(a) Holding 5% shareholding or more (as of December 31, 2014)

Shareholder	Number of Shares	Percent	Beneficial Owner
PCD Nominee Corporation	**80,730,757,469**	**40.37%**	
Consolidated Robina Capital Corp.	**37,051,952,896**	**18.53%**	
R. Coyiuto Securities, Inc.	**21,632,283,088**	**10.82%**	
Prudential Guarantee & Assurance, Inc.	**13,341,635,799**	**6.67%**	

As of December 31, 2014

Name of Senior Management	Number of Direct shares	Number of Indirect shares / Through (name of record owner)	% of Capital Stock
John L. Gokongwei, Jr.	107,001		0.0001%
James L. Go	1		0.0000%
Robert Coyiuto, Jr.	565,664,986		0.2828%
Ethelwoldo Fernandez	604,787		0.0003%
Apollo P. Madrid	1,812,766		0.0009%

2) Does the Annual Report disclose the following:

Key risks	Yes
Corporate objectives	Yes
Financial performance indicators	Yes
Non-financial performance indicators	Yes
Dividend policy	Yes
Details of whistle-blowing policy	No
Biographical details (at least age, qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of directors/commissioners	Yes
Training and/or continuing education programme attended by each director/commissioner	No
Number of board of directors/commissioners meetings held during the year	No
Attendance details of each director/commissioner in respect of meetings held	No
Details of remuneration of the CEO and each member of the board of directors/commissioners	No

Should the Annual Report not disclose any of the above, please indicate the reason for the non-disclosure.

The number of Board meetings and attendance details are reported annually to the Commission in a separate disclosure. Details of remuneration are indicated in the Definitive information Sheet that is likewise disclosed annually or as needed.

3) External Auditor's fee

Name of Auditor	Audit Fee	Non-Audit Fee
SyCip, Gorres, Velayo & Co.	**₱ 415,834**	**None**

4) Medium of Communication

List down the mode/s of communication that the company is using for disseminating information.

The following modes of communication are being used by the company to disseminate information:

- Electronic and regular mail
- Telecommunication facilities
- Hard copy of documents

5) Date of release of audited financial report:

The Audited Consolidated Financial Statements for fiscal year ended December 31, 2014 was submitted to the SEC on April 15, 2015.

6) Company Website

The Company's website is still in process.

Does the company have a website disclosing up-to-date information about the following?

Business operations	
Financial statements/reports (current and prior years)	
Materials provided in briefings to analysts and media	

Shareholding structure	
Group corporate structure	
Downloadable annual report	
Notice of AGM and/or EGM	
Company's constitution (company's by-laws, memorandum and articles of association)	

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

7) **Disclosure of RPT**

RPT	Relationship	Nature	Value
Please refer to Note 19 of the Notes to the Audited Consolidated Financial Statements as of December 31, 2014.			

When RPTs are involved, what processes are in place to address them in the manner that will safeguard the interest of the company and in particular of its minority shareholders and other stakeholders?

Transactions between related parties are based on terms similar to those offered to non-related parties.

J. RIGHTS OF STOCKHOLDERS

1) Right to participate effectively in and vote in Annual/Special Stockholders' Meetings

(a) Quorum

Give details on the quorum required to convene the Annual/Special Stockholders' Meeting as set forth in its By-laws.

Quorum Required	A majority of the subscribed capital, present in person or represented by proxy, shall be sufficient at a stockholders' meeting to constitute a quorum for the election of directors and for the transaction of any business whatsoever, except in those cases in which the Corporation Code requires the affirmative vote of a greater proportion.

(b) System Used to Approve Corporate Acts

Explain the system used to approve corporate acts.

System Used	Included in the agenda of the stockholders' meeting
Description	Every stockholder shall be entitled to vote for each share of stock held by him, which shall be by viva voce or show of hands

(c) Stockholders' Rights

List any Stockholders' Rights concerning Annual/Special Stockholders' Meeting that differ from those laid down in the Corporation Code.

Stockholders' Rights under The Corporation Code	**Stockholders' Rights not in The Corporation Code**

Stockholders' Rights concerning Annual/Special Stockholders Meeting are in accordance with provisions stated in the Corporation Code.	The stockholders' rights concerning Annual/Special Stockholders' Meeting are consistent with those laid down in the Corporation Code.

Dividends

Declaration Date	Record Date	Payment Date
Not applicable		

(d) Stockholders' Participation

11. State, if any, the measures adopted to promote stockholder participation in the Annual/Special Stockholders' Meeting, including the procedure on how stockholders and other parties interested may communicate directly with the Chairman of the Board, individual directors or board committees. Include in the discussion the steps the Board has taken to solicit and understand the views of the stockholders as well as procedures for putting forward proposals at stockholders' meetings.

Measures Adopted	**Communication Procedure**
Stockholders are given the opportunity to ask questions during the stockholders' meeting	1. Stockholders are provided with the disclosures, announcements and reports filed with SEC, PSE through public records. 2. Stockholders are informed at least 15 business days before the scheduled date of Annual Meeting. The notice of the meeting includes the date, time, venue and agenda of the meeting, the record date of stockholders entitled to vote, and the date and place of proxy validation.

12. State the company policy of asking shareholders to actively participate in corporate decisions regarding:
    a. Amendments to the company's constitution
    b. Authorization of additional shares
    c. Transfer of all or substantially all assets, which in effect results in the sale of the company

    (From Article VII of Corporate Governance Manual)
    The Corporation recognizes that the strongest proof of good corporate governance is what is publicly seen and experienced by its stockholders. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Corporation and all its stockholders.

    a. Stockholders' Rights

    The Board shall be committed to respect the following rights of the stockholders in accordance with the Corporation Code and the Corporation's Articles of Incorporation and By-Laws:
    - Right to Vote on All Matters that Require Their Consent or Approval
    - Right to Inspect Corporate Books and Records
    - Right to Information
    - Right to Dividends
    - Appraisal Right

    b. Promotion of Shareholders' Rights

13. Does the company observe a minimum of 21 business days for giving out of notices to the AGM where items to be resolved by shareholders are taken up?

    a. Date of sending out notices: June 3, 2014

    b. Date of the Annual/Special Stockholders' Meeting: June 25, 2014

14. State, if any, questions and answers during the Annual/Special Stockholders' Meeting.

Yes.

15. Result of Annual/Special Stockholders' Meeting's Resolutions (June 25, 2014)

Resolution	Approving	Dissenting	Abstaining
Election of the Board of Directors	More than a majority vote	Not applicable	Not applicable
Election of External Auditors	More than a majority vote	Not applicable	Not applicable

Name of Director
John L. Gokongwei, Jr.
James L. Go
Lance Y. Gokongwei
Robert G. Coyiuto, Jr.
Benedicto T. Coyiuto
James G. Coyiuto
Perry L. Pe
Gabriel C. Singson
Josephine V. Barcelon
Ricardo A. Balbido, Jr.
Antonio L. Go

16. Date of publishing of the result of the votes taken during the most recent AGM for all resolutions:

The results of the resolutions approved by the stockholders at the annual meeting of the stockholders of the company held on June 25, 2014 were disclosed to the Philippine Stock Exchange on June 26, 2014 and to the Securities and Exchange Commission on June 26, 2014.

(e) Modifications

State, if any, the modifications made in the Annual/Special Stockholders' Meeting regulations during the most recent year and the reason for such modification:

Modifications	**Reason for Modification**
None	

(f) Stockholders' Attendance

(i) Details of Attendance in the Annual/Special Stockholders' Meeting Held:

Type of Meeting	**Names of Board members / Officers present**	**Date of Meeting**	**Voting Procedure (by poll, show of hands, etc.)**	**% of SH Attending in Person**	**% of SH in Proxy**	**Total % of SH attendance**
Annual	1.John L. Gokongwei, Jr. 2. James L. Go 3.Lance Y. Gokongwei 4.Robert G. Coyiuto, Jr. 5. Perry L. Pe 6. Antonio L. Go 7.Ricardo A. Balbido, Jr.	June 25, 2014	By Viva voce or show of hands	0.47%	53.82%	53.82%

	8.Gabriel Singson 9.James G. Coyiuto 10.Benedicto T. Coyiuto 11.Josephine V. Barcelon 12.Ethelwoldo E. Fernandez 13.Apollo P. Madrid					
Special						

(ii) Does the company appoint an independent party (inspectors) to count and/or validate the votes at the ASM/SSMs?
Yes, the stock transfer agent of the Company.

(iii) Do the company's common shares carry one vote for one share? If not, disclose and give reasons for any divergence to this standard. Where the company has more than one class of shares, describe the voting rights attached to each class of shares.

Yes, common shares carry one vote per share.

(g) Proxy Voting Policies

State the policies followed by the company regarding proxy voting in the Annual/Special Stockholders' Meeting.

	Company's Policies
Execution and acceptance of proxies	The stockholders may vote at all meetings the number of shares registered in their respective names, either in person or by proxy, duly given in writing and duly presented to and received by the Secretary for inspection and recording not later than five (5) working days before the time set for the meeting, except such period shall be reduced to one (1) working day for meetings that are adjourned due to lack of the necessary quorum. No proxy bearing a signature which is not legally acknowledged by the Secretary shall be honored at the meetings.
Notary	Not required
Submission of Proxy	See above
Several Proxies	Not applicable
Validity of Proxy	The proxies shall be valid and effective for five (5) years, unless the proxy provides for a shorter period, and shall be suspended for any meeting wherein the stockholder appears in person.
Proxies executed abroad	Not applicable
Invalidated Proxy	
Validation of Proxy	Validation of proxies shall be held at the date, time and place as may be stated in the Notice of stockholders' meeting which in no case shall be five calendar days prior to the date of stockholders meeting.
Violation of Proxy	Any violation of this rule on proxy shall be subject to the administrative sanctions provided for under Section 144 of the Corporation Code and Section 54 of the Securities Regulation Code, and shall render the proceedings null and void.

(h) Sending of Notices

State the company's policies and procedure on the sending of notices of Annual/Special Stockholders' Meeting.

Policies	Procedure
The Company complies with the SRC Rule 20 (Disclosures to stockholders prior to meeting) which provides that the information statement, including the notice of meeting, shall be distributed to stockholders at least 15 business days before the date of the stockholders' meeting.	By courier and mail

(i) Definitive Information Statements and Management Report

Number of Stockholders entitled to receive Definitive Information Statements and Management Report and Other Materials	8,000
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by market participants/certain beneficial owners	June 3, 2014
Date of Actual Distribution of Definitive Information Statement and Management Report and Other Materials held by stockholders	June 3, 2014
State whether CD format or hard copies were distributed	CD Format
If yes, indicate whether requesting stockholders were provided hard copies	There was no request received for hard copies

(j) Does the Notice of Annual/Special Stockholders' Meeting include the following:

Each resolution to be taken up deals with only one item.	Yes
Profiles of directors (at least age, qualification, date of first appointment, experience, and directorships in other listed companies) nominated for election/re-election.	Yes
The auditors to be appointed or re-appointed.	Yes
An explanation of the dividend policy, if any dividend is to be declared.	N/A
The amount payable for final dividends.	N/A
Documents required for proxy vote.	The Company does not solicit proxy votes

Should any of the foregoing information be not disclosed, please indicate the reason thereto.

2) Treatment of Minority Stockholders

(a) State the company's policies with respect to the treatment of minority stockholders.

Policies	Implementation
The Company recognizes that the strongest proof of good corporate governance is what is publicly seen and experienced by its stockholders. Therefore, the following provisions are issued for the guidance of all internal and external parties concerned, as governance covenant between the Company and all its	Implemented

stockholders. The Board shall be committed to respect the following rights of the stockholders in accordance with the Corporation Code and the Company's Articles of Incorporation and By-Laws: • Right to Vote on All Matters that Require Their Consent or Approval • Right to Inspect Corporate Books and Records • Right to Information • Right to Dividends • Appraisal Right The Board shall be transparent and fair in the conduct of the annual and special stockholders meetings of the Company. The stockholders shall be encouraged to personally attend such meetings. If they cannot attend, they shall be apprised ahead of time of their right to appoint a proxy. Subject to the requirements of the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy should be resolved in the stockholder's favor. It shall be the duty of the Board to promote the rights of the stockholders, remove impediments to the exercise of those rights and provide an adequate avenue for them to seek timely redress for violation of their rights. The Board should take the appropriate steps to remove excessive or unnecessary costs and other administrative impediments to the stockholders' meaningful participation in meetings, whether in person or by proxy. Accurate and timely information should be made available to the stockholders to enable them to make a sound judgment on all matters brought to their attention for consideration or approval.	

(b) Do minority stockholders have a right to nominate candidates for board of directors?

Yes.

K. INVESTORS RELATIONS PROGRAM

1) Discuss the company's external and internal communications policies and how frequently they are reviewed. Disclose who reviews and approves major company announcements. Identify the committee with this responsibility, if it has been assigned to a committee.

2) Describe the company's investor relations program including its communications strategy to promote effective communication with its stockholders, other stakeholders and the public in general. Disclose the contact details (e.g. telephone, fax and email) of the officer responsible for investor relations.

	Details
(1) Objectives	
(2) Principles	
(3) Modes of Communications	
(4) Investors Relations Officer	

3) What are the company's rules and procedures governing the acquisition of corporate control in the capital markets, and extraordinary transactions such as mergers, and sales of substantial portions of corporate assets?

Name of the independent party the board of directors of the company appointed to evaluate the fairness of the transaction price.

L. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

Discuss any initiative undertaken or proposed to be undertaken by the company.

Initiative	Beneficiary
The Company, together with its Consortium partners, supports education of Filipino students in the area where the Consortium operates (Palawan) by building school facilities and providing school equipments/supplies.	Public School Students

M. BOARD, DIRECTOR, COMMITTEE AND CEO APPRAISAL

Disclose the process followed and criteria used in assessing the annual performance of the board and its committees, individual director, and the CEO/President.

	Process	Criteria
Board of Directors	The Board may create an internal self-rating system that can measure the performance of the Board and Management in accordance with the criteria provided for in the Corporate Governance Manual. The creation and implementation of such self-rating system, including its salient features, may be disclosed in the Company's Annual Report.	
Board Committees	Audit Committee conducts annual performance evaluation in compliance with SEC Memorandum Circular No.4, Series of 2012.	Guidelines for the assessment of the performance of audit committees of companies listed on the exchange under SEC Memorandum Circular No. 4, Series of 2012.
Individual Directors		
CEO/President		

N. INTERNAL BREACHES AND SANCTIONS

Discuss the internal policies on sanctions imposed for any violation or breach of the corporate governance manual involving directors, officers, management and employees

Violations	Sanctions
First Violation	The subject person shall be reprimanded.
Second Violation	Suspension from office shall be imposed to the subject person. The duration of the suspension shall depend on the gravity of the violation.
Third Violation	The maximum penalty of removal from office shall be imposed.

The above answers are based on the company records and information given by relevant officers of the Company, not necessarily on personal knowledge of the affiants.