

# COVER SHEET

for  
SEC FORM 17 Q

SEC Registration Number

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Company Name

A	L	S	O	N	S		C	O	N	S	O	L	I	D	A	T	E	D		R	E	S	O	U	R	C	E	S	
I	N	C	.																										

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

A	l	s	o	n	s		B	u	i	l	d	i	n	g		2	2	8	6		D	o	n		C	h	i	n	o
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Form Type

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Department requiring the report

S	E	C	
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Secondary License Type, If Applicable

N	.	A	.
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## COMPANY INFORMATION

Company's Email Address

Legal@alcantaragroup.com
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Company's Telephone Number/s

9823000
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Mobile Number

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No. of Stockholders

454
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Annual Meeting  
Month/Day

July 23
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Fiscal Year  
Month/Day

December 31
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## CONTACT PERSON INFORMATION

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

Name of Contact Person

Jose D. Saldivar, Jr.
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Email Address

jsaldivar@alcantaragroup.com
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Telephone Number/s

9823000
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Mobile Number

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Contact Person's Address

Alsons Building 2286 Don Chino Roces Avenue Makati City
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**NOTE 1:** 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.

**2:** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-Q

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

1. For the quarterly period ended 30 September 2020
2. SEC Identification Number 59366
3. BIR Tax Identification Number - 001-748-412
4. Exact name of registrant as specified in its charter: ALSONS CONSOLIDATED RESOURCES, INC.
5. Philippines  
Province, Country or other jurisdiction of  
incorporation or organization
6. Industry Classification Code: \_\_\_\_\_ (SEC Use Only)
7. Alsons Bldg., 2286 Pasong Tamo Extension,  
Makati City 1231  
Address of principal office Postal Code
8. (632) 982-3000  
Registrant's telephone number, including area code
9. Not Applicable  
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 4 and 8 of the SRC  

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common Stock P 1.00 par value	6,291,500,000 Shares
11. Are any or all of these securities listed on the Philippine Stock Exchange ?  
  
Yes ☒ No ☐  
  
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:  
Philippine Stock Exchange Common Stock
12. Check whether the registrant:  
  
(a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (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 that the registrant was required to file such reports):  
  
Yes ☒ No ☐  
  
(b) has been subject to such filing requirements for the past 90 days.  
  
Yes ☒ No ☐

## TABLE OF CONTENTS

	<u>Page No.</u>
<b>PART I -- FINANCIAL INFORMATION</b>	<b>1</b>
Item 1. Financial Statements	1
Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition	26
<b>PART II - OTHER INFORMATION</b>	<b>30</b>
<b>SIGNATURES</b>	<b>32</b>
<b>SCHEDULES</b>	
Schedule of Accounts Receivable	Attachment A
Long-term debt	Attachment B
Schedule of Financial Soundness Indicators	Attachment C

## PART I -- FINANCIAL INFORMATION

### Item 1. Financial Statements

The following financial statements are submitted as part of this report:

Interim Financial Statements as of September 30, 2020 and 2019 (with Comparative Audited Consolidated Balance Sheet as of December 31, 2019).

#### Key Performance Indicators

The following key performance indicators were identified by the Company and included in the discussion of the results of operations and financial condition for the nine months ended September 30, 2020 and 2019. (Amounts in million pesos, except ratios)

Financial KPI	Definition	September 30	
		2020	2019
<u>Profitability</u>			
<b>REVENUES</b>		<b>₱7,316</b>	<b>₱4,677</b>
<b>EBITDA</b>		<b>4,494</b>	<b>2,113</b>
EBITDA Margin	$\frac{\text{EBITDA}}{\text{Net Sales}}$	<b>61%</b>	<b>45%</b>
Return on Equity	$\frac{\text{Net Income}}{\text{Total Average Stockholders' Equity}}$	11%	4%
<b>NET EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS</b>		<b>361</b>	<b>55</b>
<u>Efficiency</u>			
Operating Expense Ratio	$\frac{\text{Operating Expenses}}{\text{Gross Operating Income}}$	17%	23%
<u>Liquidity</u>			
Net Debt Coverage	$\frac{\text{Cash Flow from Operating Activities}}{\text{Net Financial Debt}}$	13%	5%
<b>CURRENT RATIO</b>	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	0.80:1	1.27:1
<b>DEBT-TO-EQUITY RATIO</b>		2.77:1	2.74:1
Asset-to-equity Ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	2.87:1	2.94:1
Interest Rate Coverage Ratio	$\frac{\text{Earnings Before Interest and Taxes}}{\text{Interest Expense}}$	2.21:1	2.85:1

#### Profitability

Earnings before interest, taxes, depreciation and amortization (EBITDA) margin of the Company improved significantly during the nine months of the year to 61% from the same period last year at 45%. The second section of SEC which started operating in October last year contributed significant growth for the Group's earnings this year. Return on equity (ROE) increased to 11% from 4% in 2019 due to the higher revenues.

## Efficiency

ACR's power facilities continued to operate and provide power to our customers in various parts of Mindanao amidst the nationwide quarantine brought about by the COVID19 Pandemic. The 210 mega-watt (MW) Sarangani Energy Corporation (SEC) baseload coal-fired power plant in Maasim, Sarangani is in full operation with both sections delivering electricity to General Santos City, Sarangani Province, Cagayan de Oro, Iligan, Butuan, and other major population centers in Mindanao. The 100 MW diesel plant of the Western Mindanao Power Corporation (WMPC) in Zamboanga City continues to be a major power to Zamboanga City. WMPC likewise provides ancillary services to the National Grid Corporation of the Philippines (NGCP) with dispatchable generating capacity, reactive power support, and black start capability to help stabilize the power grid in the Zamboanga Peninsula (Western Mindanao/Region 9). Also last year, the Company tendered a proposal for the group's Southern Philippines Power Corp. (SPPC) diesel plant in Sarangani to provide ancillary services to NGCP in order to help stabilize the power grid in Region 12 or South Central Mindanao. The Company is likewise actively exploring prospective markets for its diesel capacity in areas outside of Mindanao where the demand for power is growing.

With the first year of operations of SEC 2 and the ongoing construction of our first renewable energy project, the Siguil Hydro Power Plant in Maasim Sarangani, the operating expense ratio decreased to 17% from 23% in the previous year. The operating efficiency of the power plants is expected to continue in accordance with the plans and budgets.

ACR's cash flows from operations this year increased significantly to ₱2,809 million from last year's ₱1,922 million due mainly to the cash flow contribution coming from SEC 2 operations. The recognized interest expense of SEC 2 has increased the net debt coverage from 5% in 2019 to 13% this year while current ratio decreased to 0.80:1 from 1.27:1 last year, resulting from the reclassification of the first tranche of the Parent's Fixed Corporate Note that is due on December 2020. The Company mandated DBP Investment Bank to arrange the Refinancing of ACR's Outstanding Corporate Notes due on 2020 and 2022. Most of the lenders have already secured their BOD approvals for the refinancing and we expect to sign the agreement within the month of November 2020.

## **DESCRIPTION OF KEY PERFORMANCE INDICATORS:**

1. **REVENUES.** Revenue is the amount of money that the company subsidiaries receive arising from their business activities and is presented in the top line of the statements of income. The present revenue drivers of the Company are i) energy and power and ii) real estate. Revenue growth is one of the most important factors management and investors use in determining the potential future stock price of a company and is closely tied to the earnings power for both the near and long-term timeframes. Revenue growth also aids management in making a sound investment decision.
2. **EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA).** The Company computes EBITDA as earnings before extraordinary items, net finance expense, income tax, depreciation and amortization. It provides management and investors with a tool for determining the ability of the Company to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Company's ability to service its debts and to finance its capital expenditure and working capital requirements.
3. **NET EARNINGS ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT.** Net income attributable to shareholders is one more step down from net income on the income statement. The net income of a company is all of the revenues minus all of the expenses including interest

expenses and taxes. Net income attributable to shareholders is the net income minus the non-controlling interests. This aids management and investors in identifying company's profit allocated to each outstanding share.

4. **DEBT-TO-EQUITY RATIO.** This measures the company's financial leverage calculated by dividing its total liabilities by stockholders' equity. It indicates what proportion of equity and debt the company is using to finance its assets.
5. **CURRENT RATIO.** Current ratio is a measurement of liquidity computed by dividing current assets by current liabilities. It is an indicator of the Company's ability to meet its current maturing obligations. The higher the ratio, the more liquid the Company presents.

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

### **RESULTS OF OPERATIONS**

The nine months of the year showed significant improvements in revenues to ₦7,316 million from ₦4,677 million in the same period of 2019. The fully operational SEC plant continues to be a major revenue driver for the company along with the continuing operations of WMPC and the other diesel plants.

Cost of goods sold and services has proportionately increased to ₦3,531 million from ₦2,920 million from last year due mainly to the fuel costs associated to SEC 2 operations. Gross profit margin improved to 45% from last year's 31%, delivering a steady gross profit of ₦3,784 million in the first nine months of 2020.

General and administrative expenses increased to ₦485 million from ₦328 million last year due largely to the full operations of SEC 2 and recognition of an impairment loss on goodwill.

Net finance charges for the first nine months of this year was at ₦1,524 million compared to last year's ₦748 million. The increase in interest was due to the recognition of expense attributable to SEC 2 loan. SEC 2 began commercial operations in October 10 last year .

Due to improved performance of SEC and WMPC, the net income significantly increased to ₦1,669 million from last year's ₦588 million resulting in a net income attributable to the Parent of ₦361 million from last year's ₦55 million. Earnings per share were at ₦0.057 during this period.

### **REVIEW OF FINANCIAL POSITION**

ACR and its Subsidiaries continue to post strong balance sheets with total assets of ₦45,263 million a slight decline from ₦45,609 million at the end of 2019.

Current assets increased by 4% from ₦8,534 million to ₦9,153 million brought about by the higher trade and other receivables during the period and spare parts and supplies inventories.

Non-current assets likewise decreased 2% from ₦35,824 million to ₦36,110 million. This is due largely to the recognition of depreciation of property, plant and equipment and recognition of an impairment of goodwill. SEC 2 is on its first full operation during the period.

Total liabilities amounted to ₦29,515 million is slightly lower than the ₦30,754 million reported at the end of 2019. The settlement of maturing obligations during the period caused the slight decrease in current liabilities.

As of September 30, 2020, ACR's current ratio decreased from 1.37:1 at the end of 2019 to 0.80:1 this period. Debt to equity ratio increased to 2.77:1 from 2.74:1 last year.

ACR's consolidated statement of cash flows showed that cash from operating activities is the major source of funding for payment of maturing obligations during the period.

i. Causes of the material changes (5% or more) in balances of relevant accounts as of September 30, 2020 compared to December 31, 2019 are as follows:

- a) **Short-term cash investments** – Increased 180%  
The increase is due mainly to the additional placements made during the period.
- b) **Spare parts and supplies** – Increased 38%  
The increase is due mainly to the build-up of spare parts and fuel by the power companies. SPPC has no existing contract while SEC became on-line effective October 10, 2019.
- c) **Advances to contractors** -- decreased 100%  
The decrease was due to the offsetting of advances against contract payable during the period.
- d) **Goodwill** – decreased 14%  
The recognition of an impairment loss during the period has caused reduction in goodwill.
- e) **Net Retirement Assets** – decreased 14%  
The reduction was due to actuarial adjustments made during the period.
- f) **Contract Asset** -- Increase 26% and **Contract**  
Contract asset represents asset recognized through the application of PFRS 15. This Accounting Standards simply recognizes the revenues of SEC relative to its Capital Recovery Fee equally over the life of its PSA. Thus, applying the average method in calculating the CRF Revenue. The increment is presented as Contract Asset with the Contra account of Contract Liability.
- g) **Other Noncurrent Assets** – Decreased 16%  
The decrease was due to the reclassification of cost incurred on deferred project costs to construction in progress.
- h) **Accounts Payable and Accrued Expenses** – Decreased 44%  
The decrease was due to the timing of payments during the period.
- f) **Loans payable** – Increased 760% and **Short-term Loans Payable** – Decrease 61%  
The increase in loans payable is due to availment of short-term lines used to partially finance the construction of Siguil Hydro Power Plant while the decrease in short-term loans payable is due to the partial settlement during the period.
- g) **Net Retirement Benefit** – Increased 17%  
The increase is due to additional recognition of retirement cost as determined by actuary based on past service of employees.

ii. Events that will trigger Direct or Contingent Financial Obligation that is material to the Company, including any default or acceleration of obligation.

Some of the subsidiaries or affiliates of the Company are from time to time involved in routine litigation and various legal actions incidental to their respective operations. However, in the opinion of the Company's management, none of the legal matters in which its subsidiaries or affiliates are involved have material effect on the Company's financial condition and results of operations.

- iii. There are no Material Off-Balance Sheet Transactions, Arrangements, Obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

## **PART II -- OTHER INFORMATION**

### **Other Required Disclosures**

1. The attached interim financial reports were prepared in accordance with accounting standards generally accepted in the Philippines. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2019.
2. Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.
3. There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.
4. Except as disclosed in the MD&A, there were no other issuances, repurchases and repayments of debt and equity securities.
5. There were no material events subsequent to September 30, 2020 up to the date of this report that need disclosure herein.
6. There were no changes in the composition of the Company during the interim period such as business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.
7. There were no changes in contingent liabilities or contingent assets since December 31, 2019.
8. There were no material contingencies and other material events or transactions affecting the current interim period.
9. There were no known trends, demands, commitments, events or uncertainties that will have a material impact on the Company's liquidity.
10. There were no known trends, events or uncertainties that have had or that were reasonably expected to have a material favorable or unfavorable impact to the Company.
11. There was no significant element of income or loss that did not arise from the Company's continuing operations.
12. There were no known seasonal or cyclical aspects that had a material effect on the financial condition or results of operations for the interim period.
13. There were no material commitments for capital expenditures, the general purpose of such commitments and the expected sources for such expenditures.



14. Any seasonal aspects that had a material effect on the financial condition or results of operations.

ACR being a holding company had no seasonal aspects that will have any material effect on its financial condition or operational results.

ACR's power business units generated a fairly stable stream of revenues throughout the year.

ACR's real property development did not show any seasonality. The remaining real estate inventory of Alsons Land did not shown signs of impairments during the period.

There are NO matters and events that need to be disclosed under SEC Form 17-C.

### SIGNATURES

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

#### ALSONS CONSOLIDATED RESOURCES, INC.

Issuer

By:

Registrant :

  
\_\_\_\_\_  
TIRSO G. SANTILLAN, JR.  
Executive Vice-President & COO

Date:

11/13/2020

  
\_\_\_\_\_  
ANGEL M. ESGUERRA III  
Assistant Corporate Secretary and  
Compliance Officer

Date:

Nov 12, 2020

# Alsons Consolidated Resources, Inc. and Subsidiaries

Unaudited Interim Condensed Consolidated Financial Statements  
As at September 30, 2020 and for the Nine-Month Periods Ended  
September 30, 2020 and 2019

*(With Comparative Audited Consolidated Balance Sheet as at  
December 31, 2019)*

# COVER SHEET

SEC Registration Number

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## COMPANY NAME

A	L	S	O	N	S		C	O	N	S	O	L	I	D	A	T	E	D		R	E	S	O	U	R	C	E	S	,
I	N	C	.		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S									

## PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

A	l	s	o	n	s		B	u	i	l	d	i	n	g		D	o	n		C	h	i	n	o				
R	o	c	e	s		A	v	e	n	u	e		M	a	k	a	t	i		C	i	t	y					

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Department requiring the report

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Secondary License Type, If Applicable

	N	A	
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## COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
legal@alcantaragroup.com	(632) 8982 - 3000	N/A
No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
462	July 23	December 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
Angel M. Esguerra, III	aesguerra@alcantaragroup.com	982-3000	

## CONTACT PERSON'S ADDRESS

Alsons Building, 2286 Chino Roces Avenue, Makati City
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**NOTE 1 :** 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.

**2 :** All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.

**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS**  
**SEPTEMBER 30, 2020**  
**(With Comparative Audited Figures as at December 31, 2019)**

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 4)	P2,522,703,902	P2,814,560,639
Short-term cash investments (Note 4)	508,745,257	181,632,086
Trade and other receivables (Note 5)	3,255,075,223	3,180,128,360
Spare parts and supplies - at cost	885,162,152	642,939,891
Real estate inventories (Note 6)	632,070,639	632,070,639
Prepaid expenses and other current assets (Note 10)	1,349,294,263	1,388,195,478
<b>Total Current Assets</b>	<b>9,153,051,436</b>	<b>8,839,527,093</b>
<b>Noncurrent Assets</b>		
Noncurrent portion of installment receivables	1,967,393	1,967,393
Investments in real estate (Note 6)	191,366,431	191,394,011
Investments in associates (Note 6)	2,239,456,445	2,198,140,844
Advances to contractors	-	398,404,368
Property, plant and equipment (Note 7)	28,693,229,805	29,096,966,060
Equity instruments designated at fair value through other comprehensive income (FVTOCI) (Note 8)	2,350,666,222	2,350,666,222
Goodwill (Note 9)	692,187,320	806,687,320
Net retirement assets	15,726,156	18,271,750
Contract asset	1,424,634,456	1,131,664,236
Deferred income tax assets – net	78,734,750	75,807,239
Other noncurrent assets	421,770,701	499,717,049
<b>Total Noncurrent Assets</b>	<b>36,109,739,679</b>	<b>36,769,686,492</b>
<b>TOTAL ASSETS</b>	<b>P45,262,791,115</b>	<b>P45,609,213,585</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Note 11)	P3,532,629,629	P4,480,650,789
Loans payable	966,013,644	112,291,726
Short-term notes payable	626,129,964	1,618,725,542
Income tax payable	68,080,235	68,454,301
Current portion of long-term debt	5,882,694,155	5,770,565,644
<b>Total Current Liabilities</b>	<b>11,419,163,627</b>	<b>12,050,688,002</b>
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion	16,880,277,653	17,528,929,060
Deferred income tax liabilities - net	725,425,802	711,388,178
Retirement benefits liabilities	87,261,817	74,604,824
Lease liability	15,009,673	13,991,345
Asset retirement obligation	388,168,078	374,915,615
<b>Total Noncurrent Liabilities</b>	<b>18,096,143,023</b>	<b>18,703,829,022</b>
<b>Total Liabilities</b>	<b>29,515,306,650</b>	<b>30,754,517,024</b>
(Forward)		

**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**

**INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS**

**SEPTEMBER 30, 2020**

**(With Comparative Audited Figures as at December 31, 2019)**

	SEPTEMBER 30, 2020 (Unaudited)	December 31, 2019 (Audited)
<b>Equity (Note 12)</b>		
Capital stock	₱6,340,083,333	₱6,335,683,333
Other equity reserves	2,494,321,789	2,494,321,789
Retained earnings:		
Unappropriated	1,781,235,924	1,562,270,564
Appropriated	1,100,000,000	1,100,000,000
Attributable to equity holders of the parent	11,715,641,046	11,492,275,686
Non-controlling interests	4,031,843,419	3,362,420,875
<b>Total Equity</b>	15,747,484,465	14,854,696,561
<b>TOTAL LIABILITIES AND EQUITY</b>	₱45,262,791,115	₱45,609,213,585

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*

**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

	Nine Months Ended September 30		Three Months Ended September 30	
	2020 Unaudited	2019 Unaudited	2020 Unaudited	2019 Unaudited
<b>REVENUE</b>				
Revenue from contract with customers	₱ 7,308,775,705	₱4,668,512,937	₱2,027,244,757	₱1,572,692,229
Rental income and others	6,983,274	8,848,236	2,638,404	3,061,406
	<b>7,315,758,979</b>	<b>4,677,361,173</b>	<b>2,029,883,161</b>	<b>1,575,753,635</b>
<b>INCOME (EXPENSES)</b>				
Cost of goods and services	(3,531,501,927)	(2,919,873,858)	(1,129,006,860)	(815,538,176)
General and administrative expenses	(484,626,810)	(327,780,051)	(98,258,078)	(110,581,409)
Finance income (charges) - net	(1,524,468,501)	(747,780,654)	(496,084,410)	(289,102,635)
Other income - net	69,206,724	17,933,800	6,075,600	(2,571,127)
	<b>(5,471,390,514)</b>	<b>(3,977,500,763)</b>	<b>(1,766,545,680)</b>	<b>(1,217,793,347)</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>1,844,368,465</b>	<b>699,860,410</b>	<b>312,609,413</b>	<b>357,960,288</b>
<b>PROVISION FOR (BENEFIT FROM)</b>				
<b>INCOME TAX (Note 13)</b>				
Current	209,773,141	154,382,300	41,053,042	67,594,958
Deferred	(34,422,572)	(42,228,894)	(3,944,056)	(4,257,535)
	<b>175,350,569</b>	<b>112,153,406</b>	<b>37,108,986</b>	<b>63,337,423</b>
<b>NET INCOME</b>	<b>₱1,669,017,896</b>	<b>₱587,707,004</b>	<b>₱275,500,427</b>	<b>₱294,622,865</b>
<b>Attributable to:</b>				
Owners of the parent (Note 13)	₱360,595,352	₱54,942,793	₱28,615,340	₱31,553,734
Non-controlling interest	1,308,422,544	532,764,211	246,885,087	263,069,132
	<b>₱1,669,017,896</b>	<b>₱587,707,003</b>	<b>₱275,500,427</b>	<b>₱294,622,865</b>
<b>Basic/diluted earnings per share attributable to owners of the parent</b>	<b>₱0.057</b>	<b>₱0.009</b>	<b>₱0.005</b>	<b>₱0.005</b>

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*

**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF**  
**COMPREHENSIVE INCOME**

	Nine Months Ended September 30		Three Months Ended September 30	
	2020	2019	2020	2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>NET INCOME FOR THE PERIOD</b>	<b>₱1,669,017,896</b>	<b>₱587,707,003</b>	<b>₱275,500,427</b>	<b>₱294,622,865</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Gain (loss) on valuation of AFS financial assets			-	-
Translation adjustment			-	-
	-	-	-	-
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>₱1,669,017,896</b>	<b>₱587,707,003</b>	<b>₱275,500,427</b>	<b>₱294,622,865</b>
<b>Attributable to:</b>				
Owners of the parent	₱360,595,352	₱54,942,793	₱28,615,340	₱31,553,734
Non-controlling interests	1,308,422,544	532,764,211	246,885,087	263,069,132
	<b>₱1,669,017,896</b>	<b>₱587,707,003</b>	<b>₱275,500,427</b>	<b>₱294,622,865</b>

*See accompanying Notes to Interim Condensed Consolidated Financial Statements.*

**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE NINE-MONTH PERIODS ENDED SEPTEMBER 30, 2020 AND 2019**

	Attributable to Equity Holders of the Parent								
	Capital Stock(Note 12)	Actuarial Gains (Losses)	Unrealized Gains (Losses) on AFS Financial Assets(Note 8)	Unappropriated Retained Earnings	Appropriated Retained Earnings	Equity Reserves	Cumulative Translation Adjustment	Non-controlling Interests (Note 1)	Total
Balance at December 31, 2019	₱6,335,683,333	(₱7,338,937)	(₱41,503,044)	₱1,562,270,564	₱1,100,000,000	₱854,620,762	₱1,688,543,008	₱3,362,420,875	₱14,854,696,561
Net income	-	-	-	360,595,352	-	-	-	1,308,422,544	1,393,517,469
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	360,595,352	-	-	-	1,308,422,544	1,393,517,469
collection of subscription receivable	4,400,000	-	-	-	-	-	-	-	4,400,000
Dividends	-	-	-	(130,230,000)	-	-	-	(639,000,000)	(769,230,000)
Redemption of preferred shares	-	-	-	-	-	-	-	-	-
Balance at September 30, 2020	₱6,340,083,333	(₱7,338,937)	(₱41,503,044)	₱1,792,635,916	₱1,100,000,000	₱854,620,762	₱1,688,543,008	₱4,031,843,419	₱15,483,384,030
Balance at December 31, 2018	₱6,331,283,333	₱4,541,504	(₱33,841,668)	₱1,344,989,831	₱1,300,000,000	₱854,620,762	₱1,693,250,008	₱3,010,596,708	₱14,505,440,478
Net income	-	-	-	54,942,793	-	-	-	532,764,210	587,707,003
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income (loss)	-	-	-	54,942,793	-	-	-	532,764,210	587,707,003
collection of subscription receivable	4,400,000	-	-	-	-	-	-	-	4,400,000
Dividends	-	-	-	(130,230,000)	-	-	-	(130,230,000)	(155,830,000)
Redemption of preferred shares	-	-	-	-	-	-	-	-	-
Balance at September 30, 2019	₱6,331,283,333	₱4,541,504	(₱33,841,668)	₱1,269,702,624	₱1,300,000,000	₱854,620,762	₱1,693,250,008	₱3,517,760,919	₱14,941,717,482

See accompanying Notes to Interim Condensed Consolidated Financial Statements.



**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Nine Months Ended September 30	
	2020	2019
	(Unaudited)	(Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	₱1,844,368,465	₱699,860,409
Adjustments for:		
Depreciation and amortization	1,125,567,485	665,850,605
Impairment loss	114,500,000	-
Interest income	(71,073,246)	(77,278,643)
Finance charges	1,595,541,747	825,059,297
Retirement cost	2,079,517	1,169,067
Equity in net earnings of an associate	(57,915,600)	(39,028,600)
Operating income before working capital changes	4,553,068,368	2,075,632,135
Decrease (increase) in:		
Trade and other receivables	(74,946,863)	128,717,785
Contract asset	(292,970,220)	-
Prepaid expenses and other current assets	38,901,215	(182,885,975)
Spare parts and supplies	(242,222,261)	(32,843,643)
Increase (decrease) in:		
Accounts payable and other current liabilities	(921,589,157)	87,558,915
Contract liability	374,066	-
Net cash flows from operations	3,019,299,547	2,076,179,217
Income taxes paid including creditable withholding taxes	(209,773,141)	(154,382,300)
Net cash flows from (used in) operating activities	2,809,526,406	1,921,796,917
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in:		
Other noncurrent assets	(22,301,216)	(99,537,322)
Due from related parties	(76,087,046)	32,972,185
Short-term cash investments	(327,113,171)	18,610,449
Investments in real estate	27,580	-
Dividends received	16,600,000	-
Additions to property, plant and equipment (Note 7)	(721,831,230)	(1,886,862,936)
Interest received	71,073,246	77,278,643
Increase in other noncurrent liabilities	-	-
Net cash flows from (used in) investing activities	(1,015,029,405)	(1,857,538,981)

**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Nine Months Ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Availment of long-term debts	<b>₱-</b>	<b>₱-</b>
Availment of short-term loans	1,000,000,000	1,250,253,188
Payments of:		
Payment of debts	(602,360,764)	(1,118,698,468)
Short-term loans	(536,522,896)	(100,999,431)
Interest	(1,595,541,747)	(825,059,297)
Dividends	(352,956,659)	(155,830,000)
Lease liability	1,018,328	-
Net cash flows used in financing activities	(2,086,353,738)	(950,314,008)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(291,856,737)</b>	<b>(886,076,072)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>2,814,560,639</b>	<b>3,474,561,841</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)</b>	<b>₱2,522,702,903</b>	<b>₱2,588,485,769</b>

*See accompanying Notes to Interim Condensed Consolidated Financial Statements*

# **ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES** **NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL** **STATEMENTS**

## **1. General Information**

### Corporate Information

Alsons Consolidated Resources, Inc. (ACR or Parent Company) is a stock corporation organized on December 24, 1974 as Victoria Gold Mining Corporation to engage in the business of exploration of oil, petroleum and other mineral products. The corporate name was changed to Terra Grande Resources, Inc. in March 1995 and to Alsons Consolidated Resources, Inc. in June 1995 to mark the entry of the Alcantara Group. ACR's primary purpose was consequently changed to that of an investment holding company and oil exploration was relegated as a secondary purpose. The Company's ultimate parent company is Alsons Corporation, a company incorporated in the Philippines.

The registered office address of ACR is 2286 Don Chino Roces Ave. Extension, Makati City.

The consolidated financial statements were authorized to issued include the accounts of ACR and the subsidiaries (collectively referred to as "the Group") listed in the table below:

Subsidiaries	Nature of business	Percentage of Ownership			
		2020		2019	
		Direct	Indirect	Direct	Indirect
Conal Holdings Corporation (CHC)	Investment holding	100.00	—	100.00	—
Alsing Power Holdings, Inc. (APHI)	Investment holding	20.00	80.00	20.00	80.00
Western Mindanao Power Corporation (WMPC)	Power generation	—	55.00	—	55.00
Southern Philippines Power Corporation (SPPC)	Power generation	—	55.00	—	55.00
Alto Power Management Corporation (APMC)	Management services	—	60.00	—	60.00
APMC International Limited (AIL)	Management services	—	100.00	—	100.00
Mapalad Power Corporation (MPC)	Power generation	—	100.00	—	100.00
FGen Northern Power Corp. (FGNPC)	Power generation	—	60.00	—	60.00
Alsons Renewable Energy Corporation (AREC)	Investment holding	80.00	—	80.00	—
Siguil Hydro Power Corporation (Siguil)	Power generation	—	80.00	—	80.00
Kalaong Power Corporation (Kalaong)	Power generation	—	80.00	—	80.00
Sindangan Zambo-River Power Corp. (Sindangan)	Power generation	—	80.00	—	80.00
Bago Hydro Resources Corporation	Power generation	—	80.00	—	80.00
Alsons Thermal Energy Corporation (ATEC)	Power generation	50.00*	—	50.00*	—
Sarangani Energy Corporation (Sarangani)	Power generation	—	37.50	—	37.50
ACES Technical Services Corporation (ACES)	Management services	—	50.00	—	50.00
San Ramon Power, Inc. (SRPI)	Power generation	—	50.00	—	50.00
Alsons Power International Limited (APIL)	Power generation	100.00	—	100.00	—
Alsons Land Corporation (ALC)	Real estate	99.55	—	99.55	—
MADE (Markets Developers), Inc.	Distribution	80.44	—	80.44	—
Kamanga Agro-Industrial Ecozone Development Corporation (KAED)	Real estate	100.00	—	100.00	—
Alsons Power Supply Corporation (APSC)	Customer Service	100.00	—	100.00	—

\*50% ownership plus 1 share of the total voting and total outstanding capital stock.

Except for AIL and APIL, which are incorporated in the British Virgin Islands (BVI), all of the subsidiaries are incorporated in the Philippines.

### Power and Energy

*CHC and Subsidiaries.* The Board of Directors (BOD) of Northern Mindanao Power Corporation (NMPC), a subsidiary under CHC, approved on April 25, 2008 the amendments to NMPC's Articles of Incorporation to shorten its corporate life up to November 15, 2009. After November 15, 2009, NMPC was dissolved. Consequently, NMPC's remaining assets and liabilities have all been transferred to CHC's books as at December 31, 2009. CHC is responsible for the final liquidation of NMPC's net assets and the payment to the non-controlling shareholders. In 2013, CHC has fully liquidated the net distributable assets of NMPC and paid the non-controlling shareholders.

CHC organized and incorporated MPC on July 13, 2010 as a wholly owned subsidiary to rehabilitate and operate the 103 mega-watts (MW) Bunker-Fired Iligan Diesel Power Plants (IDPPs) I and II located in Iligan City. On June 27, 2011, ACR acquired full control of MPC through an agreement with CHC, wherein CHC assigned all shares to ACR. The deed of sale of IDPP with Iligan City Government was signed on February 27, 2013. On August 1, 2013, ACR transferred MPC to CHC for a total consideration of ₱0.3 million. MPC entered into Power Supply Agreements (PSAs) with various distribution utilities and electric cooperatives (see Note 33). On September 6, 2013, MPC started operating 98 MW of the 103 MW Bunker-Fired IDPPs. MPC completed the rehabilitation and operated the balance of 5 MW in 2014.

On July 7, 2015, CHC subscribed and paid 60% of FGNPC's outstanding common shares amounting to ₱0.04 million. Investment of non-controlling interest amounted to ₱0.02 million.

SPPC and WMPC are Independent Power Producers (IPPs) with Energy Conversion Agreements (ECAs) with the Philippine government through the National Power Corporation (NPC). SPPC's and WMPC's ECAs ended on April 28, 2016 and December 12, 2015, respectively.

### *ATEC and Subsidiaries*

*ATEC.* On November 23, 2015, ACR organized ATEC primarily to develop and invest in energy projects, including but not limited to the exploration, development and utilization of renewable energy resources with total capital infusion amounting to ₱1 million.

On October 13, 2016, ACR and ATEC executed an assignment of share agreement wherein the Parent Company assigned and transferred its ownership interests in ACES to ATEC for a total consideration of ₱20 million. Accordingly, ACES became wholly owned subsidiary of ATEC.

On May 24, 2017, ACR and ATEC executed an assignment of share agreement wherein ACR assigned and transferred its ownership interests in SRPI to ATEC amounting to ₱1.2 million for a total consideration of ₱0.3 million, net of subscriptions payable amounting to ₱0.9 million. Accordingly, SRPI became a wholly owned subsidiary of ATEC. Subsequently, on May 31, 2017, ACR and ATEC executed a deed of assignment of advances wherein ACR assigned to ATEC its advances to SRPI totaling to ₱231 million.

On November 27, 2017, the Parent Company sold its 50% ownership interest less 1 share of the voting and total outstanding capital stock in ATEC equivalent to 14,952,678 common shares to Global Business Power Corporation (GBPC) for a total consideration amounting to ₱2,378 million, inclusive of retention receivable amounting to ₱100 million to be received upon issuance by the Bureau of Internal Revenue (BIR) of the Certificate of Authorizing Registration (see Note 8 of the Audited Financial Statements). The Parent Company recognized a gain amounting to ₱709 million, net of transaction costs totaling to ₱169 million. Subsequently, on December 1, 2017, the Parent Company, GBPC and ATEC executed a deed of assignment of advances wherein the Parent

Company assigned and transferred to GBPC its right to collect 50% of its advances to ATEC amounting to ₱1,880 million (see Note 16 of the Audited Financial Statements).

*Sarangani.* CHC organized Sarangani on October 15, 2010 as a wholly owned subsidiary to construct, commission and operate power generating plant facilities of electricity in Maasim, Sarangani Province. On June 27, 2011, ACR acquired full control of Sarangani through an agreement with CHC, wherein CHC assigned all its shares to ACR. On December 10, 2012, ACR entered into a shareholders agreement with Toyota Tsusho Corporation (TTC), a company incorporated in Japan, wherein TTC subscribed and paid ₱355 million worth of Sarangani shares representing 25% of the total equity of Sarangani. In accordance with the shareholders agreement, ACR increased its investment in Sarangani to 75% of the total equity of Sarangani by converting its advances and additional cash infusion.

The construction of the Sarangani's SM200 project is in two phases. Construction of Phase 1 (105 MW) of the Project commenced in January 2013 and was completed in April 2016. The construction of Phase 2 (105 MW) commenced in January 2017 and was completed in October 2019.

In 2015, ACR made additional cash infusion and conversion of advances totaling to ₱572 million, primarily to meet the funding requirements of Sarangani's SM200 project.

On April 20, 2016, ACR subscribed to ATEC's increase in authorized capital stock to the amount of ₱2,989 million worth of shares of stock. The subscription was paid by way of ACR's investment in Sarangani and cash amounting to ₱14 million.

On February 6, 2017, ATEC's BOD authorized the conversion its advances to Sarangani amounting to ₱3,375 million into equity by way of subscription to the increase in authorized capital stock of Sarangani. The Philippine SEC approved Sarangani's increase in authorized capital stock on March 20, 2017. Also, TTC subscribed to additional common shares amounting to ₱1,125 million which was settled through cash infusion. As at September 30, 2020 and December 31, 2019, Sarangani is 75% owned by ATEC.

*SRPI.* ACR organized and incorporated SRPI on July 22, 2011 as a wholly owned subsidiary. SRPI was incorporated primarily to acquire, construct, commission, operate and maintain power-generating plants and related facilities for the generation of electricity. SRPI has obtained its Environmental Compliance Certificate (ECC) on March 20, 2012 for the planned 105 MW coal fired power plant to be located in Zamboanga Ecozone. As at September 30, 2020, the Company has not started the construction of the ZAM 100 power plant. The proposals for the Engineering, Procurement and Construction (EPC) rebidding has already been submitted. Selection of the contractor who will handle the construction of the project is expected to be concluded in the Fourth Quarter of 2020. Meanwhile, the signing of contract and awarding of the Limited Notice to Proceed to the winning bidder is estimated to be in April 2021, with the issuance of Final Notice to Proceed in July 2021. The project is expected to be completed in Feb 2024.

*ACES.* ACR organized and incorporated ACES on July 7, 2011 primarily to provide operations and maintenance services to the Group's coal power plants

#### *AREC and Subsidiaries*

*AREC.* On September 18, 2014, ACR organized AREC primarily to develop and invest in energy projects including but not limited to the exploration, development and utilization of renewable energy resources with total capital infusion amounting to ₱31 million.

On July 10, 2015, ACR and AREC executed an assignment of share agreement wherein ACR assigned and transferred its ownership interests in Siguil and Kalaong to AREC. Accordingly,

Siguil and Kalaong became subsidiaries of AREC. Also, ACR sold its 20% interest to ACIL, Inc., an entity under common control. Accordingly, ACR's interest in AREC was reduced from 100% to 80%.

*Siguil and Kalaong.* ACR organized and incorporated Siguil and Kalaong on July 22, 2011 as wholly owned subsidiaries. Siguil and Kalaong were incorporated primarily to develop and invest in energy projects including but not limited to the exploration, development and utilization of renewable energy resources. Siguil's 15 MW Hydro Power Project is in Maasim, Sarangani while Kalaong's 22 MW Hydro Power Project is in Bago, Negros Oriental. These projects are expected to augment power supply in the cities of General Santos and Bacolod, respectively, once they are completed. In July 2019, Siguil has commenced its construction and expected to be completed in July 2022. As at September 30, 2020, Siguil and Kalaong have not yet started commercial operations.

*Bago and Sindangan.* AREC organized and incorporated Bago and Sindangan on February 26, 2018 and August 31, 2018, respectively, as wholly owned subsidiaries. Bago and Sindangan were incorporated primarily to develop and invest in energy projects including but not limited to the exploration, development and utilization of renewable energy resources. Bago's 42 MW Hydro Power Project is in Negros Occidental while Sindangan's 20 MW Hydro Power Project is in Siayan and Duminag, Zamboanga Del Norte. These projects are expected to augment power supply in the provinces of Negros Occidental and Zamboanga Del Norte, respectively, once they are completed. As at September 30, 2020, Bago and Sindangan have not yet started commercial operations.

#### Property Development

*ALC.* On November 25, 1994, the Parent Company incorporated ALC to acquire, develop, sell and hold for investment or otherwise, real estate of all kinds, sublease office.

*KAED.* On September 3, 2010, the Parent Company incorporated KAED to establish, develop, operate and maintain an agro-industrial economic zone and provides the required infrastructure facilities and utilities such as power and water supply and distribution system, sewerage and drainage system, waste management system, pollution control device, communication facilities and other facilities as may be required for an agro-industrial economic zone.

#### Other Investments

*MADE.* MADE, which is in the distribution business, has incurred significant losses in prior years resulting in capital deficiency. Because of the recurring losses, MADE decided to cease operations effective April 30, 2006 and terminated its employees. These factors indicate the existence of a material uncertainty which may cast significant doubt about MADE's ability to continue operating as a going concern. As at September 30, 2020, MADE has no plans to liquidate but new business initiatives are being pursued which will justify resumption of its trading operations.

*APSC.* ACR organized and incorporated APSC on October 13, 2016 primarily to provide services necessary or appropriate in relation to the supply and delivery of electricity.

**Approval and Authorization for the Issuance of the Consolidated Financial Statements**  
The consolidated financial statements were authorized for issuance by the Audit Committee on November 4, 2020.

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## 2. Basis of Preparation and Statement of Compliance

### Basis of Preparation

The unaudited interim condensed consolidated financial statements of the Group as at September 30, 2020 and for the three-month periods ended September 30, 2020 and 2019 have been prepared in accordance with the Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The unaudited interim condensed consolidated financial statements of the Group have been prepared on a historical cost basis, except for equity instruments designated at fair value through other comprehensive income (FVTOCI)/ available-for-sale (AFS) financial assets that have been measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Philippine peso, the functional and presentation currency of the Parent Company.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2019.

### 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 (see Note 1).

The Group controls an investee if and only if the Group has:

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

When 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:

- the contractual arrangement with the other vote holders of the investee
- rights arising from other contractual arrangements
- 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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributable to equity holders of the parent of the Group and to non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting

policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The financial statements of subsidiaries are prepared for the same reporting year using uniform accounting policies as those of the Parent Company.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Non-controlling interests represent the portion of profits or losses and net assets of subsidiaries not held by the equity holders of the Parent Company and are presented separately in the consolidated statement of income and consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to the equity holders of the Parent Company.

#### Material Partly-Owned Subsidiaries

The tables below show details of materially partly-owned subsidiaries of ACR either directly or indirectly:

Name of Subsidiary	Place of Incorporation and Operation	Principal Activity	Proportion Ownership Interest and Voting Rights Held by Non-controlling Interests	
			2020	2019
SPPC	Philippines	Power generation	45.0%	45.0%
WMPC	Philippines	Power generation	45.0%	45.0%
ATEC	Philippines	Holding Company	50.0%	50.0%
Sarangani	Philippines	Power generation	62.5%	62.5%

  

(Amounts in Thousands)	September 30, 2020			December 31, 2019		
	SPPC	WMPC	ATEC	SPPC	WMPC	ATEC
Current Assets	143,020	790,968	4,720,843	146,633	650,033	4,010,757
Noncurrent Assets	233,030	320,732	27,315,142	268,987	373,544	28,196,622
Current Liabilities	(50,391)	(241,492)	(7,760,018)	(37,516)	(211,434)	(7,971,094)
Noncurrent Liabilities	(57,222)	(86,463)	(15,851,007)	(84,525)	(100,717)	(16,470,124)
Equity	268,436	783,746	8,424,959	301,363	712,426	7,766,161
Equity Attributable to:						
Equity holders of the parent	147,640	431,060	5,246,540	164,435	380,032	5,077,425
Non-controlling interest	120,796	352,686	3,178,419	136,928	332,394	2,688,736
	268,436	783,746	8,424,959	301,363	712,426	7,766,161

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

#### *New Standards Effective Starting January 1, 2019*

The accounting policies adopted are consistent with those of the previous financial year, except that the Group has adopted the following new pronouncements starting January 1, 2019. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance, unless otherwise indicated.



#### PFRS 16, *Leases*

PFRS 16, *Leases*, supersedes PAS 17, *Leases*, Philippine Interpretation International Financial Reporting Interpretations Committee (IFRIC) 4, *Determining whether an Arrangement contains a Lease*, Standing Interpretations Committee (SIC) 15, *Operating Leases-Incentives* and Philippine Interpretation SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognize most leases on the consolidated statement of financial position.

The Group adopted PFRS 16 using the modified retrospective approach in 2019 and elects to apply the standard to contracts that were previously identified as leases applying PAS 17 and Philippine Interpretation IFRIC 4. The Group will therefore not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17 and Philippine Interpretation IFRIC 4.

The effect of adoption of PFRS 16 as of January 1, 2019 is as follows:

Increase in consolidated statement of financial position:

Right-of-use assets (Note 12)	₱35,274,144
Lease liability (Note 30)	35,274,144

The Group has lease contracts for office spaces. Before the adoption of PFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 4 for the accounting policy beginning January 1, 2019.

#### *Leases previously accounted for as operating leases*

The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognized based on the amount equal to the lease liabilities. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, as at January 1, 2019:

- Right-of-use assets of ₱35.27 million were recognized and presented as part of “Property, plant and equipment”.

- Lease liability of ₱35.27 million was recognized.
- Deferred tax liability on right-of-use assets increased by ₱10.58 million while deferred tax asset on lease liability increased by the same amount.
- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*, addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12, *Income Taxes*, and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The interpretation specifically addresses the following:

- whether an entity considers uncertain tax treatments separately
- the assumptions an entity makes about the examination of tax treatments by taxation authorities
- how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- how an entity considers changes in facts and circumstances

The Group is required to determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and use the approach that better predicts the resolution of the uncertainty. The Group shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the Group concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgment in identifying uncertainties over its income tax treatments. The Group determined, based on its assessment, that it is probable that its income tax treatments will be accepted by the taxation authorities or if not probable, the impact is not significant to the consolidated financial statements.

- Amendments to PFRS 9, *Prepayment Features with Negative Compensation*  
Under PFRS 9, a debt instrument can be measured at amortized cost or at FVOCI, provided that the contractual cash flows are 'solely payments of principal and interest (SPPI) on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract.

These amendments had no impact on the consolidated financial statements of the Group.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*  
The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event.
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

The amendments had no impact on the consolidated financial statements of the Group as it did not have any plan amendments, curtailments, or settlements during the period

- Amendments to PAS 28, *Long-term Interests in Associates and Joint Ventures*

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is relevant because it implies that the expected credit loss model in PFRS 9 applies to such long-term interests.

The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28, *Investments in Associates and Joint Ventures*.

These amendments did not have significant impact on the consolidated financial statements of the Group

- *Annual Improvements to PFRSs 2015-2017 Cycle*
  - Amendments to PFRS 3, *Business Combinations*, and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments had no impact on the consolidated financial statements of the Group as there is no transaction where joint control is obtained.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
- Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*  
The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

An entity applies those amendments to borrowing costs incurred on or after the beginning of the annual reporting period in which the entity first applies those amendments. An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application permitted.

The adoption of this amendment resulted to additional capitalized borrowing costs relating to general borrowings amounting to P197 million in 2019.

#### New Standards Effective Starting January 1, 2020

- Amendments to PFRS 3, *Definition of a Business*  
The amendments to PFRS 3 clarify the minimum requirements to be a business, remove the assessment of a market participant's ability to replace missing elements, and narrow the definition of outputs. The amendments also add guidance to assess whether an acquired process is substantive and add illustrative examples. An optional fair value concentration test is introduced which permits a simplified assessment of whether an acquired set of activities and assets is not a business.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted.

These amendments has no immaterial impact will to business combinations of the Group.

- Amendments to PAS 1, *Presentation of Financial Statements*, and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*

The amendments refine the definition of material in PAS 1 and align the definitions used across PFRSs and other pronouncements. They are intended to improve the understanding of the existing requirements rather than to significantly impact an entity's materiality judgements.

An entity applies those amendments prospectively for annual reporting periods beginning on or after January 1, 2020, with earlier application permitted. This amendment has no material impact to the Group.

#### Future Changes in Accounting Policies

Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on

the consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2021

- **PFRS 17, Insurance Contracts**  
PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2021, with comparative figures required. Early application is permitted.

The amendments are not applicable to the Group since none of the entities within the Group have activities that are predominantly connected with insurance or issue insurance contracts.

*Deferred effectivity*

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*.

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

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#### **4. Summary of Significant Accounting and Financial Reporting Policies**

##### Current versus Noncurrent Classification

The Group presents assets and liabilities in the consolidated balance sheets based on current or noncurrent classification.

An asset is current when it is:

- expected to be realized or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realized within twelve months after the reporting period; or

- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as noncurrent.

A liability is current when it is:

- expected to be settled in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as noncurrent.

Deferred tax assets and liabilities and retirement benefits assets and liabilities are classified as noncurrent assets and liabilities, respectively.

#### Fair Value Measurement

The Group measures financial instruments, such as derivatives, at fair value at each balance sheet date.

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 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 best economic interest.

A fair value measurement of a nonfinancial 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.

Assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level of 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 of input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 - Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the consolidated 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 of input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring and non-recurring fair value measurements. For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

#### Cash and Cash Equivalents

Cash include cash on hand and in banks. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from dates of acquisitions and are subject to an insignificant risk of change in value.

#### Short-term Cash Investments

Short-term cash investments are short-term, highly liquid investments that are convertible to known amounts of cash with original maturities of more than three months but less than one year from the date of acquisition and that are subject to an insignificant risk of change in value.

#### ***Financial Instruments - initial recognition and subsequent measurement effective January 1, 2018***

##### *Initial recognition and subsequent measurement*

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### Financial assets

##### *Initial recognition and measurement of financial assets*

Financial assets are classified, at initial recognition, and measured at amortized cost, FVTOCI, and FVTPL. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. In order for a financial asset to be classified and measured at amortized cost or FVTOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

##### *Subsequent measurement of financial assets*

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVTOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVTOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

##### *Financial assets at amortized cost*

This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognized in the consolidated statement of income when the asset is derecognized, modified or impaired.

The Group's financial assets at amortized cost include cash and cash equivalents, short-term cash investments, trade and other receivables, debt service reserve account and recoverable deposits.

*Financial assets designated at FVTOCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under PAS 32, Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI.

Equity instruments designated at FVTOCI are not subject to impairment assessment. The Group elected to classify irrevocably its quoted and unquoted equity investments under this category.

*Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e., removed from the consolidated statement of financial position) when:

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.



#### *Impairment of financial assets*

Upon adopting PFRS 9, the Group applied the ECL model on the impairment of its financial assets. ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognized in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and other receivables from customers and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The Group uses a provision matrix which is based on historical observed default rate or losses and adjusted by forward-looking estimate. Primary drivers like macroeconomic indicators of qualitative factors such as forward-looking data on inflation and changes in GDP rates were added to the expected losses calculation to reach a forecast supported by both quantitative and qualitative data points.

The key inputs in the model include the Group's definition of default and historical data of three years for the origination, and default date. Generally, the Group considers trade receivables in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a receivable to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements made by the Group.

The probability of default is applied to the estimate of the loss arising in default which is based on the difference between the contractual cash flows due and those that the Group would expect to receive. For purposes of calculating loss given default, accounts are segmented based on geographical location of customers.

For cash and cash equivalents and short-term investments, the Group applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. To estimate the ECL, the Company uses the ratings published by a reputable rating agency.

#### Classification of Financial Instruments between Debt and Equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- 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.

#### Financial liabilities

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of other financial liabilities, net of directly attributable transaction costs.

The Group's financial liabilities include accounts payable and other current liabilities (excluding statutory payables), loans payable, short-term notes payable and long-term debts.

##### *Subsequent measurement - payables, loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as interest expense in the Group's consolidated statement of income.

##### *Derecognition of financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When 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 the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

##### *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 there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

#### ***Financial Instruments - initial recognition and subsequent measurement effective January 1, 2018***

##### *Date of recognition*

The Group recognizes a financial asset in the consolidated balance sheet when it becomes a party to the contractual provisions of the instrument. In the case of a regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting. Regular way purchases or sales are purchases or sales of financial assets that require

delivery of assets within the period generally established by regulation or convention in the market place. Derivatives are recognized on a trade date basis.

#### *Initial recognition of financial instrument*

Financial instruments are recognized initially at fair value. Except for financial assets and financial liabilities at fair value through profit or loss (FVPL), the initial measurement of financial instruments includes transaction costs.

Financial instruments are classified as liability 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.

#### *"Day 1" difference*

Where the transaction price in a non-active market is different from the fair value of other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, 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.

#### Classification of Financial Instruments between Debt and Equity

A financial instrument is classified as debt if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- 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.

#### Derecognition of Financial Assets and Liabilities

##### *Financial assets*

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 Group's right to receive cash flows from the asset has 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 right to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the assets, 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 entered into a “pass-through” arrangement, and has neither transferred nor retained substantially all the risks 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 original 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, 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.

#### Impairment of Financial Assets

The Group assesses at each balance sheet date whether there is objective evidence that 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 measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

#### *Loans and receivables*

For loans and receivables carried at amortized cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses 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 for impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of the estimated future cash flows (excluding future expected credit losses that have not been incurred).

The present value of the estimated future cash flows is discounted at the financial asset’s original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the consolidated statement of income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded in the consolidated statement of income. Loans and receivables together with the associated allowance are written off when there is no realistic prospect of future

recovery and all collateral has been realized or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognized, the previously recognized impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is presented as "Gain on recovery of bad debts" under other income (charges) in the consolidated statement of income.

#### *AFS financial assets*

In the case of equity investments classified as AFS, impairment would include a significant or prolonged decline in the fair value of the investments below its cost. The Group treats "significant" generally as 20% or more and "prolonged" as greater than 12 months for quoted equity securities. Where there is evidence of impairment loss, 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 OCI and recognized in profit or loss. Impairment losses on equity investments are not reversed in the consolidated statement of income. Increases in their fair value after impairment are recognized directly in the consolidated statement of comprehensive income.

#### Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to set off the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

#### Spare Parts and Supplies

Spare parts and supplies are valued at the lower of cost and net realizable value (NRV). Cost is determined using the weighted average cost method. NRV is the current replacement cost. When the circumstances that previously caused the spare parts and supplies to be written down below cost no longer exist, or when there is clear evidences of an increase in NRV because of changed economic circumstances, the amount of write-down is reversed. The reversal cannot be greater than the amount of the original write-down.

#### Real Estate Inventories

Real estate inventories representing real estate opened up for sale are carried at the lower of cost and NRV. The cost includes acquisition cost of the land, direct development cost incurred, including borrowing costs and any other directly attributable costs of bringing the assets to its intended use. NRV is the estimated selling price in the ordinary course of business, less estimated cost to sell. A write-down of inventories is recognized in consolidated statement of income when the cost of the real estate inventories exceeds its NRV.

#### Investments in Real Estate

Investments in real estate comprise land, building and improvements which are not occupied substantially for use by, or in operations of the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income and for capital appreciation. Cost includes acquisition cost of the land and any other directly attributable costs of bringing the asset to its intended use.

Subsequent to initial recognition, investments in real estate, except land, are measured at cost less accumulated depreciation and impairment loss. Land is carried at cost less any impairment in value.

Building and improvements are depreciated using the straight-line method over the estimated useful life of five years to 15 years.

Investments in real estate are derecognized when either these have been disposed of or when the investment in real estate is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment in real estate are recognized in the consolidated statement of income in the year of retirement or disposal.

Transfers are made to investments in real estate when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investments in real estate when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale. These transfers are recorded using the carrying amount of the investments in real estate at the date of change in use.

#### Investments in Associates

An associate is an entity in which the Group has significant influence and which is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over these policies.

The consideration made in determining significant influence is similar to those necessary to determine control over subsidiaries.

The Group's investments in associates are accounted for under the equity method of accounting. Under the equity method, the investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates, less any impairment in value. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortized. After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in the associate. The consolidated statement of income reflects the Group's share of the financial performance of the associates. Unrealized gains and losses from transactions with the associates are eliminated to the extent of the Group's interest in the associates. The reporting dates of the associates and the Group are identical and the associates' accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

An investment in an associate is accounted for using the equity method from the date when it becomes an associate. On acquisition of the investment, any difference between the cost of the investment and the investor's share in the net fair value of the associate's identifiable assets liabilities and contingent liabilities is accounted for as follows:

- a. Goodwill relating to an associate is included in the carrying amount of the investment. However, amortization of that goodwill is not permitted and is therefore not included in the determination of the Group's share in the associate's profit or losses.
- b. Any excess of the Group's share in the fair value of the associate's identifiable assets, liabilities, and contingent liabilities over the cost of the investment is included as income in the determination of the investor's share of the associate's profit or loss in the period in which the investment is acquired.

Also, appropriate adjustments to the Group's share of the associate's profit or loss after acquisition are made to account , if any, for the depreciation of the depreciable assets based on their fair

values at the acquisition date and for impairment losses recognized by the associate, such as for goodwill or property, plant and equipment.

When the Group's interest in an investment in associate is reduced to zero, additional losses are provided only to the extent that the Group has incurred obligations or made payments on behalf of the associate to satisfy obligations of the investee that the Group has guaranteed or otherwise committed. If the associate subsequently reports profits, the Group resumes recognizing its share of the profits if it equals the share of net losses not recognized.

The Group discontinues the use of the equity method from the date when it ceases to have significant influence over an associate and accounts for the investment in accordance with PAS 39 from that date, provided the associate does not become subsidiary or a joint venture. Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in the consolidated statement of income.

#### Property, Plant and Equipment

Property, plant and equipment (except land) is stated at cost, net of accumulated depreciation and amortization and accumulated impairment losses, if any. Such cost includes the cost of replacing the part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the consolidated statement of income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Land is carried at cost less any impairment losses.

Depreciation or amortization of an item of property, plant and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation or amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) and the date the item is derecognized.

Property, plant and equipment are depreciated and amortized using the straight-line method over their expected economic useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated and amortized separately.

The components of the power plant complex and their related estimated useful lives are as follows:

The components of the power plant complex and their related estimated useful lives are as follows:

	Number of Years
Main engine	12 - 28 years
Plant mechanical, electrical, switchyard and desulfurization equipment	28 years
Plant structures and others	28 years

Other property, plant and equipment are depreciated and amortized using the straight-line method over the following estimated useful lives:

	Number of Years
Buildings	10 - 25 years
Leasehold improvements	2 - 5 years or term of the lease, whichever period is shorter
Machinery and other equipment:	
Power and water facilities	7 - 30 years
Machinery and equipment	5 - 10 years
Office furniture, fixtures and equipment	3 - 5 years
Transportation and office equipment	3 - 5 years

Construction in progress represents properties under construction and is stated at cost. Cost includes cost of construction and other direct costs. Construction in progress is depreciated when the asset is available for use.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the property, plant and equipment (difference between the net disposal proceeds and carrying amount of the asset) is included in the consolidated statement of income in the period the property, plant and equipment is derecognized.

The assets' residual values, useful lives and methods of depreciation and amortization are reviewed at each financial year-end, and adjusted prospectively if appropriate.

Fully depreciated assets are retained in the accounts until these are no longer in use.

#### Business Combinations and Goodwill

Business combinations are accounted for using the acquisition method.

##### *Initial measurement*

The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs incurred such as finder's fees; advisory, legal, accounting, valuation and other professional or consulting fees; general administrative costs, including the costs of maintaining an internal acquisitions department or business development offices are expensed and included as part of "General and administrative expenses" account in the consolidated statement of income.

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, the previously held equity interest in the acquiree is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in the consolidated statement of income.



Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of PAS 39 is measured at fair value with the changes in fair value recognized either in the consolidated statement of income. If the contingent consideration is not within the scope of PAS 39, it is measured in accordance with appropriate PFRSs. Contingent consideration that is classified as equity is not remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognized at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognized in the consolidated statement of income.

If the initial accounting for business combination can be determined only provisionally by the end of the period by which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts for the combination using provisional values. Adjustments to these provisional values because of completing the initial accounting shall be made within 12 months from the acquisition date. The carrying amount of an identifiable asset, liability or contingent liability that is recognized as a result of completing the initial accounting shall be calculated as if the asset, liability or contingent liability's fair value at the acquisition date had been recognized from that date. Goodwill or any gain recognized shall be adjusted from the acquisition date by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted.

#### *Subsequent measurement*

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or group of units. Each unit or group of units to which the goodwill is allocated:

- represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- is not larger than a segment based on the Group's format determined in accordance with PFRS 8, Operating Segments.

Where goodwill forms part of a CGU (group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences and goodwill is recognized as income or loss in the consolidated statement of income.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in

circumstances indicate that the carrying value may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of the CGU or group of CGUs to which the goodwill relates. Where the recoverable amount of the CGU or group of CGUs is less than the carrying amount of the CGU or group of CGUs to which goodwill has been allocated, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The Group performs its impairment test of goodwill annually every December 31.

#### Computer Software

Computer software (included as part of “Other noncurrent assets” account) is initially recognized at cost. Following initial recognition, computer software is carried at cost less accumulated amortization and accumulated impairment losses, if any.

The software cost is amortized on a straight-line basis over its useful economic life of three (3) years and assessed for impairment whenever there is an indicator that the computer software may be impaired. The amortization commences when the computer software is available for use. The amortization period and method for the computer software are reviewed at each reporting date.

Changes in the expected useful life is accounted for by changing the amortization period as appropriate, and treated as changes in accounting estimates. The amortization expense is recognized in the consolidated statement of income.

#### Impairment of Nonfinancial Assets

The Group assesses at each reporting date whether there is an indication that a nonfinancial asset may be impaired. If any such indication exists and when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s cash-generating unit’s fair value less cost to sell or 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 groups of assets. When 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 pretax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if available. If no such transaction can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples and other available fair value indicators. Any impairment loss is recognized in the consolidated statement of income in those expense categories consistent with the function of the impaired 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 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. The Group determines whether it is necessary to recognize an additional impairment loss on the Group’s investments in associates after application of the equity method.

The Group determines at each balance sheet date whether there is any objective evidence that the

investments in associates are impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the fair value of the investment in associate and the acquisition cost (adjusted for post-acquisition changes in the Group's share of the financial performance of the associates) and recognizes the difference in the consolidated statement of income.

#### Capital Stock

Capital stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as deduction from proceeds, net of tax. Proceeds and/or fair value of considerations received in excess of par value, if any, are recognized as additional paid-in capital.

#### Redeemable Preferred Shares

In determining whether a preferred share is a financial liability or an equity instrument, the Group assesses the particular rights attaching to the share to determine whether it exhibits the fundamental characteristic of a financial liability. A preferred share that provides for mandatory redemption by the Group for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the Group to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability. Redeemable preferred shares is presented as equity when the option for redeeming the redeemable preferred shares is at the issuer's discretion and the price of redemption is to be decided by the BOD.

#### Retained Earnings

Retained earnings include accumulated profits attributable to the equity holders of the Parent Company reduced by dividends declared. Retained earnings may also include effect of changes in accounting policy as may be required by the standard's transitional provisions. When the retained earnings account has a debit balance, it is called "deficit". A deficit is not an asset but a deduction from equity. Unappropriated retained earnings represent that portion which is free and can be declared as dividends to stockholders. Appropriated retained earnings are restricted for specific purposes that are approved by the BOD and are not available for dividend distributions.

#### Cash Dividend and Non-cash Distribution to Equity Holders of the Parent Company

The Parent Company recognizes a liability to make cash or non-cash distributions to equity holders of the Parent Company when the distribution is authorized and the distribution is no longer at the discretion of the Parent Company. A distribution is authorized when it is approved by the BOD. A corresponding amount is recognized directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognized directly in equity.

#### Revenue Recognition (Upon Adoption of PFRS 15)

Revenue from contracts with customers is recognized when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it controls the goods or services before transferring them to the customer.

*Energy sales.* Revenue from contracts with customers is recognized whenever the Company's power generation capacity is contracted and/or the electricity generated by the Company is transmitted through the transmission line designated by the buyer for a consideration. The Company has concluded that it is acting as a principal in all its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to credit risks.

The contracted capacity as agreed in the PSA and the energy delivered to customers are separately identified. These two performance obligations are combined and considered as one performance obligation since these are not distinct within the context of PFRS 15 as the buyer cannot benefit from the contracted capacity without the corresponding energy and the buyer cannot obtain energy without contracting a capacity. The combined performance obligation qualifies as a series of distinct goods or services that are substantially the same and have the same pattern of transfer since the delivery of energy every month are distinct services which are all recognized over time and have the same measure of progress.

*Real estate sales.* The Group recognizes revenue from sale of completed real estate units at point in time, generally upon the execution of the contract to sell and upon collection of at least 25% of the contract price in the year of sale. When the collection threshold of 25% has not yet been met, the Group recognizes the collections received as “Contract liabilities” in the consolidated balance sheet.

#### *Contract balances*

*Receivables.* A receivable represents the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

*Contract assets.* Contract assets pertain to the Group’s conditional right over the consideration for the completed performance for which revenue was already recognized but not yet billed to the customers. The amounts recognized as contract assets will be reduced gradually at the time revenue per billing is greater than the revenue earned using straight-line basis and when cash is collected from the customers.

*Contract liabilities.* A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs its obligations under the contract. The contract liabilities also include payments received by the Group from the customers for which revenue recognition has not yet commenced.

*Cost to obtain a contract.* The Group pays sales commission and transportation to its marketing agents on the sale of real estate units. The Group has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included under “Operating expenses”) because the amortization period of the asset that the Company otherwise would have used is one (1) year or less.

#### Revenue Recognition (Prior to Adoption of PFRS 15)

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Regardless of when the payment is being made, revenue is measured at fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue recognition 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 a principal in all its arrangements.

#### *Energy sales.*

Revenue from PSAs consist of fixed capital recovery fee, fixed and variable operation and maintenance fee, actual fuel cost and other variable energy fees. Revenues from fixed capital recovery fee and fixed operation and maintenance fee are recognized on a monthly basis in

accordance with the terms of the PSAs. Revenue from actual fuel cost, and variable operations and maintenance and other energy fees are recognized upon delivery of power to customers.

*Real estate sales.*

The Group recognizes revenue from sale of completed real estate units using the full accrual method when at least 25% of the of the contract price is collected in the year of sale. Otherwise, the collections received are recognized as "Customers deposits" in the consolidated balance sheet.

*Management fees.*

Revenue from management services is recognized as the services are rendered in accordance with the terms of the agreements.

Rental income

Rental income is recognized on a straight-line method over the term of the lease agreements. Interest income Interest income is recognized as the interest accrues using the effective interest rate.

Costs and Expenses

Costs and expenses are recognized in the consolidated statement of income when a decrease in future economic benefit related to a decrease of an asset or an increase of a liability has arisen that can be measured reliably. Costs and expenses are recognized in the consolidated statement of income on the basis of systematic and rational allocation procedures when economic benefits are expected to arise over several accounting periods and the association with income can only be broadly or indirectly determined; or immediately when expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify, cease to qualify, for recognition in the consolidated balance sheet as an asset.

Retirement Benefits

The Group, excluding SPPC, WMPC and APMC, has an unfunded, noncontributory defined benefit retirement plan covering all qualified employees. SPPC, WMPC, and APMC have a funded, noncontributory defined benefit retirement plan covering all qualified employees. The Group's obligation and costs of retirement benefits are actuarially computed by professionally qualified independent actuary using the projected unit credit method. Actuarial gains and losses are recognized in full in the period in which these occur in other comprehensive income.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net retirement benefits obligation or asset
- Remeasurements on the net retirement benefits obligation 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 the consolidated statement of income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by independent qualified actuaries.

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 part of retirement cost in the consolidated statement of income.

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 other comprehensive income in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

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.

Plan assets are assets that are held by a long-term employee benefit fund. 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.

Actuarial valuations are made with sufficient regularity that the amounts recognized in the consolidated financial statements do not differ materially from the amounts that would be determined at the balance sheet date.

#### Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date or whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or 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 fulfilment is dependent on a specified asset or
- (d) there is 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), (c) or (d) above, and at the date of renewal or extension period for scenario (b).

#### *Group as lessee*

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Fixed lease payments are recognized as expense in the consolidated statement of income on a straight-line basis while the variable rent is recognized as expense based

on terms of the lease contract.

#### *Group as lessor*

Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Lease payments received are recognized as rental income in the consolidated statement of income on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which these are earned.

#### Foreign Currency-denominated Transactions and Translations

Transactions denominated in foreign currency are recorded in Philippine peso by applying to the foreign currency amount the exchange rate between the Philippine peso and the foreign currency at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are restated using the closing rate of exchange at the balance sheet date. Nonmonetary items denominated in foreign currency are translated using the exchange rates as at the date of initial transaction. All exchange rate differences are taken to the consolidated statement of income.

#### Borrowing Costs

Borrowing costs are capitalized if they are directly attributable to the acquisition or construction of a qualifying asset. Capitalization of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Borrowing costs are capitalized until the assets are substantially ready for their intended use. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

Borrowing costs not qualified for capitalization are expensed as incurred.

#### Taxes

##### *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the balance sheet date.

Current income tax for current and prior periods shall, to the extent unpaid, be recognized as a liability and is presented as "Income tax payable" in the consolidated balance sheet. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess shall be recognized as an asset and is presented as part of "Other current assets" in the consolidated balance sheet.

##### *Deferred income tax*

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of transaction, affects neither the accounting profit nor taxable income; or

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carryforward benefits of unused tax credits from excess minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) [excess MCIT] and net operating loss carryover (NOLCO). Deferred income tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of excess MCIT and NOLCO can be utilized,

- When the deferred income tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable income; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period 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 income tax assets to be utilized. Unrecognized deferred income tax assets are reassessed at each balance sheet date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year 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 end of the reporting period. Income tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred income tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

#### *Value-added tax*

Revenues, expenses, and assets are recognized net of the amount of value-added tax (VAT), if applicable.

When VAT from sales of goods and/or services (output VAT) exceeds VAT passed on from purchases of goods or services (input VAT), the excess is recognized as payable in the consolidated balance sheet. When VAT passed on from purchases of goods or services (input VAT) exceeds VAT from sales of goods and/or services (output VAT), the excess is recognized as an asset in the consolidated balance sheet to the extent of the recoverable amount.



## Provisions

### *General*

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the consolidated statement of income, net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provisions due to the passage of time is recognized as an interest expense.

### *Decommissioning liability*

The decommissioning liability arose from the Group's obligation, under its ECC, to decommission or dismantle its power plant complex at the end of their operating lives. A corresponding asset is recognized as part of property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized in the consolidated statement of income as an interest expense. The estimated future costs of decommissioning are reviewed annually and adjusted prospectively. Changes in the estimated future costs or in the discount rate applied are added or deducted from the cost of the power plant complex. The amount deducted from the cost of the power plant complex, shall not exceed its carrying amount. If the decrease in the liability exceeds the carrying amount of the asset, the excess shall be recognized immediately in the consolidated statement of income.

### *Contingencies*

Contingent liabilities are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements unless the probability of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the consolidated financial statements but are disclosed in the notes to consolidated financial statements when an inflow of economic benefits is probable.

### *Basic/Diluted Earnings Per Share*

Basic/diluted earnings per share (EPS) is determined by dividing net income by the weighted average number of shares issued and outstanding after giving retroactive adjustment for any stock dividends and stock splits declared during the period. The Group has no financial instrument or other contract that may entitle its holder to common shares that would result to diluted EPS.

### *Business Segments*

Operating segments are components of the Group: (a) that engage in business activities from which the Group may earn revenues and incur losses and expenses (including revenues and expenses relating to transactions with other components of the Group); (b) whose operating results are regularly reviewed by the Group's chief operating decision maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available. The Group's CODM is the Parent Company's BOD. The Parent Company's BOD regularly reviews the operating results of the business units to make decisions on resource allocation and assess performance.

The Group conducts majority of its business activities into two major business segments: (1) Power and Energy and (2) Property Development. The Group's other activities consisting of product distribution and investment holding activities are shown in aggregate as "Other Investments".

#### *Segment assets and liabilities*

Segment assets include all operating assets used by a segment and consist principally of operating cash and cash equivalents, short-term cash investments, trade and other receivables, investments in real estate and real estate inventories, and property, plant and equipment, net of allowances and provision. Segment liabilities include all operating liabilities and consist principally of accounts payable and other liabilities. Segment assets and liabilities do not include deferred income taxes, investments and advances, and borrowings

#### *Inter-segment transactions*

Segment revenue, segment expenses and segment performance include transfers among business segments. The transfers, if any, are accounted for at competitive market prices charged to unaffiliated customers for similar products. Such transfers are eliminated in consolidation.

#### *Events After the End of Reporting Period*

Events after the end of the reporting period that provide additional information about the Group's financial position at the end of the reporting period (adjusting events) are reflected in the consolidated financial statements. Events after the end of the reporting period that are not adjusting events are disclosed in the notes to consolidated financial statements when material

### **3. Segment Information**

The Group conducts majority of its business activities in two major business segments: (1) Energy and Power, and (2) Property Development. The Group's other activities consisting of product distribution and investment holding activities are shown in aggregate as "Other Investments."

Information with regard to the Group's significant business segments are shown below:

Nine-Month Period Ended September 30, 2020						
	Energy and Power	Property Development	Other Investments	Total	Eliminations	Consolidated
<b>Earnings Information:</b>						
Revenues						
External customer	P7,308,775,705	P6,983,274	P-	P7,315,758,979	P-	P7,315,758,979
Inter-segment	-	-	421,019,355	421,019,355	(421,019,355)	-
Total revenues	7,308,775,705	6,983,274	38,784,130	7,736,778,334	(421,019,355)	7,315,758,979
Finance income	27,207,402	287,853	44,573,897	72,069,152	(995,906)	71,073,246
Finance charges	(1,174,199,495)	(800)	(422,337,358)	(1,596,537,653)	(995,906)	(1,595,541,747)
Provision for income tax	189,791,088	-	2,322,170	192,113,258	(16,762,689)	175,350,569
Net income (loss)	P2,162,324,329	(P12,230,330)	(P45,055,081)	P2,105,038,918	(P436,021,022)	P1,669,017,896
Nine-month Period Ended September 30, 2019						
	Energy and Power	Property Development	Other Investments	Total	Eliminations	Consolidated
<b>Earnings Information:</b>						
Revenues						
External customer	P 4,668,159,518	P9,201,655	P-	P4,677,361,173	P-	P4,677,361,173
Inter-segment	173,009,135	3,823,479	88,200,000	265,032,614	(265,032,614)	-
Total revenues	4,841,168,653	13,025,134	88,200,000	4,942,393,787	(265,032,614)	4,677,361,173
Finance income	66,802,543	523,732	33,769,694	101,095,970	-	101,095,970
Finance charges	(553,405,124)	-	(412,200,402)	(965,605,527)	116,728,902	(848,876,624)
Provision for income tax	111,991,415	191,174	-	112,182,589	(51,985)	112,130,604
Net income (loss)	P895,385,655	(P9,018,269)	(P290,612,228)	P595,755,156	(P8,048,153)	P587,707,003

4.

#### 4. Cash and Cash Equivalents and Short-term Cash Investments

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Cash on hand	₱382,500	₱382,500
Cash in banks	1,969,222,176	2,113,520,593
Cash equivalents	553,099,226	700,657,546
	<b>₱2,522,703,902</b>	<b>₱2,814,560,639</b>

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

Short-term cash investments amounting to ₱429 million and ₱182 million as at September 30, 2020 and December 31, 2019, respectively, consist of money market placements with maturities of more than three months but less than one year with interest ranging from 3.00% to 4.10%.

Interest income from cash and cash equivalents and short-term cash investments amounted to ₱71.1 million and ₱71.4 million as of September 30, 2020 and 2019, respectively.

#### 5. Trade and Other Receivables

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Trade:		
Power	₱1,608,627,271	₱1,611,601,143
Real estate	80,671,208	82,317,559
Product distribution and others	31,730,458	31,730,458
Due from related parties	1,475,830,611	1,399,743,565
Contract assets	1,424,634,456	1,182,196,755
Retention receivable	24,455,481	24,455,481
Others	64,696,102	65,150,848
	<b>4,710,645,587</b>	<b>4,397,195,809</b>
Less noncurrent portion of :		
Installment receivables	1,967,393	1,967,393
Contract assets	1,370,167,151	1,131,664,236
	<b>1,372,134,544</b>	<b>1,133,631,629</b>
	<b>3,338,511,043</b>	<b>3,263,564,180</b>
Less allowance for impairment losses	83,435,820	83,435,820
	<b>₱3,255,075,223</b>	<b>₱3,180,128,360</b>

#### Power

These receivables are noninterest-bearing and are generally on 30 days term. Trade receivables include SPPC's long-outstanding receivables from NPC amounting to ₱123 million as at December 31, 2019 and 2018. These receivables pertain to the portion of accounts that was

disputed by NPC and was decided upon by the Energy Regulation Commission (ERC) on June 3, 2013 in favor of SPPC. On July 23, 2013, NPC elevated the case to the Court of Appeals (CA).

On August 17, 2015, CA denied NPC's motion for reconsideration and decided in favor of. On September 18, 2015, NPC elevated the case with the Supreme Court (SC). On July 4, 2016, SC rendered a decision holding NPC liable to pay SPPC for the additional 5 MW from 2005 to 2010 which affirmed ERC's requirement for both parties to reconcile settlement amount. On November 23, 2016, SC issued its decision to deny the motion for reconsideration submitted by NPC and to render the case with finality. On October 19, 2018, SPPC filed an Urgent Motion to Resolve the pending issue on the NPC's liability for interest, and SPPC's motion for issuance of writ of execution against NPC for the payment of the principal amounts owed by NPC to SPPC.

On October 19, 2018, SPPC filed an Urgent Motion to Resolve the pending issue on the NPC's liability for interest, and SPPC's motion for issuance of writ of execution against NPC for the payment of the principal amounts owed by NPC to SPPC.

September 6, 2019, SPPC filed with ERC a Manifestation with Urgent Motion to Resolve, praying that the commission: (1) resolve and grant SPPC's Omnibus Motion for Issuance of Writ of Execution and Notice of Garnishment dated July 18, 2018; and (2) resolve the issue of NPC's liability for interest in favor of SPPC under the Energy Conversion Agreement.

On December 4, 2019, while awaiting the ERC's resolution on SPPC's motion, SPPC's Executive Vice President, Tirso G. Santillan, wrote a letter to the NPC stating that "SPPC agreed to collect the principal amount of ₱68.64 million and US\$5.77 million, and waive the interests amounting to ₱52.98 million and US\$3.43 million."

On December 9, 2019, the NPC, through its president and CEO Pio J. Benavidez, signified its agreement to SPPC's waiver of its claim of interest.

On December 27, 2019, SPPC filed with the ERC an Omnibus Motion to (a) Resolve and (b) Withdraw Claim for Interest. As at September 30, 2020, the motion remains pending with the ERC.

The allowance for impairment loss of P34 million as at December 31, 2019 and 2018, is management's best estimate of impairment loss on the long-outstanding receivables from NPC.

#### Real Estate

These pertain to receivables from venturers and customers from the sale of residential and commercial lots and units. Real estate receivables are generally noninterest-bearing and have terms of less than one year, except for installment receivables amounting to ₱57 million as at September 30, 2020 and December 31, 2019, respectively, which are collectible in monthly installment over a period of two to 10 years and bear interest rates ranging from 18% to 21% computed on the outstanding balance of the principal. Title on the lots sold is passed on to the buyer only upon full settlement of the contract price. The noncurrent portion of the installment receivables amounted to ₱6 million as at September 30, 2020 and ₱4 million as at December 31, 2019, respectively.

Real estate receivables include the Group's share on the sale of the developed residential and commercial lots and golf shares in the Eagle Ridge Golf and Residential Estates jointly developed with Sta. Lucia Realty and Development, Inc. (SLRDI).

#### Product Distribution and Others

These pertain to receivables from the supply of goods and merchandise to customers. Product distribution and other receivables are noninterest-bearing and generally have a term of less than one year. Outstanding receivables amounting to ₱32 million were fully provided with allowance for impairment losses as at September 30, 2020 and December 31, 2019.

#### Retention Receivable

Retention receivables pertain to the outstanding balances from Aboitiz Land, Inc. (Aboitiz) for the sale of investment in Lima Land Inc. (LLI), which will be collected accomplishment of certain milestones .

#### Due from Related Parties and Other Receivables

Parties are considered to be related if one party has ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties include (a) enterprises that directly, or indirectly through one or more intermediaries, control or are controlled by, or are under common control with, the Group; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Group that gives them significant influence over the Group and close members of the family of any such individual. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

Transactions with related parties pertain mainly to cash advances and reimbursements of expenses. Outstanding related party balances are generally settled in cash.

The table below shows the details of the Group's transactions with related parties.

Related Party	Advances during the Year		Due from related parties	Terms	Conditions
Major Shareholder	2020	74,557,427	1,224,275,449	30 days,	Party
	2019	213,682,148	1,188,665,441	noninterest bearing	secured, no impairment
Subsidiaries of major stockholders	2020	-	140,471,962	30 days,	Party
	2019	93,797,324	140,471,962	noninterest bearing	secured, no impairment
Affiliates	2020	1,529,619	72,135,781	30 days,	Party
	2019	12,7821,762	70,606,162	noninterest bearing	secured, no impairment
Total	2020	76,087,046	1,475,830,611		
	2019	320,261,234	1,399,743,565		

Other receivables primarily include advances to employees, receivables from contractors, receivables from insurance claims and receivables from venturers. Terms and conditions of the "Due from related parties"

The Parent Company has various advances to third parties that were nonmoving since prior years. These advances have been specifically identified to be potentially uncollectible and thus, provided with allowance amounting to ₱5 million as at September 30, 2020 and December 31, 2019.

## 6. Real Estate Inventories and Investments in Real Estate

### Real Estate Inventories

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Eagle Ridge Project (General Trias, Cavite) - at cost	₱616,887,120	₱616,887,120
Campo Verde Project (Lipa and Malvar, Batangas) - at NRV	15,183,519	15,183,519
	<b>₱632,070,639</b>	<b>₱632,070,639</b>

### Investments in Real Estate

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
ALC Property (Pasong Tamo, Makati)	₱133,907,525	₱133,921,044
Batangas Project (Lipa and Malvar, Batangas)	52,772,970	52,787,031
Laguna Project (Cabuyao, Laguna)	4,685,936	4,685,936
	<b>₱191,366,431</b>	<b>₱191,394,011</b>

## 7. Investments in Associates

	Percentage of Ownership		September 30, 2020	December 31, 2019
	2020	2019		
At equity:				
Acquisition costs:				
Indophil Resources Phils., Inc.	2.00	2.00	₱1,216,310,412	₱1,216,310,412
Aviana Dev't. Corporation	34.00	34.00	963,311,802	963,311,802
RCPHI	31.24	31.24	80,851,701	80,851,701
T'boli Agro-Industrial Dev't., Inc.	22.32	22.32	66,193,299	66,193,299
			<b>2,326,667,214</b>	<b>2,326,667,214</b>
Accumulated equity in net earnings				
Balance at beginning of year			18,518,630	32,888,825
Share in net earnings			57,915,601	70,629,805
Dividends			(16,600,000)	(85,000,000)
Balance at end of period			<b>59,834,231</b>	<b>18,518,630</b>
Accumulated impairment loss				
Balance at beginning of year			(147,045,000)	(147,045,000)
Disposal			-	-
Balance at end of period			<b>(147,045,000)</b>	<b>(147,045,000)</b>
			<b>₱2,239,456,445</b>	<b>₱2,198,140,844</b>

### IRNL and IRPI

The Parent Company purchased 29,149,000 shares of IRNL in the amount of ₱1,316 million in 2010. Together with the ownership interests of APIC and AC through a series of subscription agreements, the Alcantara Group was the largest shareholder of IRNL at 19.99%. By virtue of the Agreement for the Joint Voting of IRNL shares with APIC and AC, the Parent Company has concluded that it has significant influence over IRNL through its representation in the BOD of

IRNL. Accordingly, the Parent Company treated its investment in IRNL as part of “Investments in associates” using the equity method in the 2014 consolidated financial statements. The Parent Company had determined that the acquisition cost of IRNL includes goodwill amounting to ₱785 million.

On January 23, 2015, IRNL implemented the Scheme of Arrangement between APIC and IRNL shareholders wherein APIC acquired all of the remaining outstanding shares from existing shareholders of IRNL. Accordingly, IRNL became a subsidiary of APIC starting January 2015. In July 2015, APIC was no longer part of the Alcantara Group as it was bought by a third party. Accordingly, the Joint Voting Agreement of IRNL shares between the Parent Company, APIC and AC was deemed terminated.

On December 11, 2015, the Parent Company and AC entered into Deed of Assignment of Shares (share swap) agreements with APIC, whereby the Parent Company and AC assigned and transferred to APIC all their interests in IRNL in exchange for ownership interests in IRPI. Accordingly, the Parent Company recognized the investment in IRPI amounting to ₱1,213 million representing the carrying value of the investment at the date of the share swap agreement.

The transfer of the Parent Company’s investment in IRNL to investment in IRPI resulted in the Parent Company still exercising significant influence over IRPI due to its representation in the BOD of IRPI and representation in the BOD and Operating Committee of the operating subsidiary of IRPI. Accordingly, ACR treats its investment in IRPI as part of “Investments in associates” using the equity method in the consolidated financial statements.

On September 30, 2019, the Parent company increased its investment in IRPI amounting to P3 million to maintain its percentage of share over IRPI of 2% as the latter increased its authorized capital stock.

#### Aviana

On March 21, 2013, Aldevinco and ACIL, Inc. (collectively referred to as “AG”) and Ayala Land, Inc. (Ayala Land) entered into a joint venture agreement, where Ayala Land shall own 60% and AG shall own 40% of the outstanding capital stock of Aviana to undertake the development of the Lanang property of the Parent Company in Davao City. On September 17, 2013, Aviana was incorporated as a joint venture corporation. The Parent Company subscribed to the 296 preferred shares and 32 common shares for 32.8% ownership in Aviana. In December 2015, the Parent Company subscribed to additional 332,200 preferred shares and 35,800 common shares of Aviana through the conversion of the Parent Company’s advances amounting to ₱36 million. In August 2015, the Parent Company subscribed to additional 261,450 preferred shares and 29,050 common shares of Aviana for ₱22 million. The additional subscription to shares of Aviana in 2015 increased the Parent Company’s interest in Aviana to 34%.





## 7. Property, Plant and Equipment

Balances as at September 30, 2020

Cost	Main Engine, Plant Structures and Others	Plant Mechanical, Electrical, Switchyard and Desulfurization Equipment	Land, Buildings and Leasehold Improvements	Machinery and Other Equipment	Construction in Progress	Right-of-Use Asset – Building	Total
Balances at beginning of year Adoption of PFRS 16	₱30,678,044,120	₱7,239,100,919	₱574,048,630	₱1,398,804,311	₱810,204,341	₱35,274,144	₱40,735,476,465
Balances at January 1, 2019	30,671,808,044,120	7,239,100,919	574,048,630	1,398,804,311	810,204,341	35,274,144	40,735,476,464
Additions	2,046,712	-	-	4,631,976	715,152,542	-	721,831,230
Disposals	-	-	-	-	-	-	-
Adjustments / Reclassifications	-	-	-	-	-	-	-
Balances at end of year	30,678,044,120	7,239,100,919	574,048,630	1,403,436,287	1,525,356,883	35,274,144	40,923,090,384
Accumulated depreciation and amortization							
Balances at beginning of year	(7,254,211,448)	(3,732,249,368)	(189,234,324)	(451,375,002)	-	(11,440,263)	(11,638,510,405)
Depreciation and amortization for the year	(827,669,717)	(120,425,454)	(100,704)	(168,791,409)	-	(8,580,201)	(1,125,567,485)
Disposals	-	-	-	-	-	-	-
Balances at end of year	(8,081,881,165)	(3,852,674,822)	(189,335,028)	(620,166,411)	-	(20,020,464)	(12,764,077,890)
Net Book Value	₱22,598,209,667	₱3,386,426,097	₱384,713,602	₱783,269,876	₱1,525,356,883	15,253,680	₱28,693,229,805

Balances as at December 31, 2019

Cost	Main Engine, Plant Structures and Others	Plant Mechanical, Electrical, Switchyard and Desulfurization Equipment	Land, Buildings and Leasehold Improvements	Machinery and Other Equipment	Construction in Progress	Right-of-Use Asset – Building	Total
Balances at beginning of year Adoption of PFRS 16	₱19,183,589,380	₱4,649,048,437	₱554,953,296	₱915,937,534	₱12,425,398,524	₱-	₱37,728,927,171
Balances at January 1, 2019	19,183,589,380	₱4,649,048,437	₱554,953,296	₱915,937,534	₱12,425,398,524	35,274,144	35,274,144
Additions	3,148,787	205,025	167,888	13,623,458	3,529,763,629	-	37,764,201,315
Disposals	(19,018,825)	-	-	(12,195,209)	-	-	3,546,908,797
Adjustments / Reclassifications	11,510,324,778	2,589,847,457	18,927,446	481,438,528	(15,144,957,822)	-	(31,214,034)
Balances at end of year	30,678,044,120	7,239,100,919	574,048,630	1,398,804,311	810,204,341	35,274,144	(544,419,613)
Accumulated depreciation and amortization							40,735,476,465
Balances at beginning of year	(6,391,817,513)	(3,672,826,153)	(189,100,053)	(337,542,200)	-	-	(10,591,285,919)
Depreciation and amortization for the year	(878,088,209)	(59,423,215)	(134,271)	(123,911,155)	-	(11,440,263)	(1,072,997,113)
Disposals	(15,694,274)	-	-	10,078,353	-	-	23,772,627
Balances at end of year	7,254,211,448	3,672,826,153	189,234,324	451,375,002	-	(11,440,263)	11,638,510,405
Net Book Value	₱23,423,832,672	₱3,506,851,551	₱384,814,306	₱947,429,309	₱810,204,341	23,833,881	₱29,096,966,060

Balances as at December 31, 2019

Construction in progress represents the total accumulated costs incurred for the construction of Sarangani's power-generating project "SM 200". The construction of SM 200 is in two phases. Construction of Phase 1 (105 MW) of SM 200 commenced in January 2013 and was completed in April 2016. The construction of Phase 2 (105 MW) commenced in January 2017 and commenced commercial operations in October 2019.

In compliance with the Omnibus Loan and Security Agreement (OLSA), Sarangani created and constituted in favor of the collateral trustee real estate mortgage, which includes eight parcels of land registered in the name of KAED and one parcel of land registered in the name of Sarangani. The nine parcels of land have an aggregate area of 297,000 square meters and comprise the plant site of the Project.

The carrying value of land used as collateral for the above long-term debt amounted to P231.6 million.

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## 8. Equity Instruments Designated at FVOCI

Equity instruments designated at FVOCI are as follows:

	September 30, 2020	December 31, 2019
Quoted		
Balance at beginning of year	₱128,497,454	₱136,158,830
Fair value gain (loss) during the year	-	(7,661,376)
Disposals during the year	-	-
Transfers of realized gain from OCI	-	-
Balance at end of period	128,497,454	128,497,454
Unquoted	2,222,168,768	2,222,168,768
	<b>₱2,350,666,222</b>	<b>₱2,350,666,222</b>

The investment in unquoted securities consists of investment in 22 million preferred shares of Aldevinco. The fair value of the investment in unquoted equity securities was based on the adjusted net asset value (NAV) approach. Under the NAV approach, the fair value was derived by determining the fair value of each identifiable assets and liabilities of the investee company.

Significant assumptions included in the NAV calculation are as follows:

- Net realizable value of real estate inventories which is calculated by estimated selling price less cost to sell
- Fair value adjustment for investment property based on appraised value; and  
Fair value adjustment for investment in shares of listed stock based on market closing price of listed associate as at statement of financial position date and net asset value of unlisted securities.
- Discount for lack of marketability

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## 9. Goodwill

Goodwill acquired through business combinations has been allocated to the power generation CGUs consisting of the operations of SPPC and WMPC. As at September 30, 2020 and December 31, 2019, the carrying amount of goodwill of SPPC and WMPC amounted to ₱115 million and ₱578 million, respectively.

### Key assumptions used in value-in-use calculations

The calculation of value-in-use for both CGUs are most sensitive to the following assumptions:

*Tariff rates.* Tariff rates, comprising capital recovery fee, fixed and variable operation and maintenance fee, actual fuel cost and other variable energy fees, pertain to the rates used in determining the amount of energy fees to be billed to electric cooperatives and distribution utilities. The tariff rates used in the value-in-use computation are based on management's forecast, and provisionally approved PSAs and agreed Ancillary Services Procurement Agreement (ASPA) with NGCP for WMPC. For SPPC, the tariff rate is based on applied ASPA with NGCP, which is aligned with the tariff rate offered by NGCP to other power companies.

*Contracted and dispatchable capacities.* Contracted capacity reflects the agreed capacity with electric cooperatives and distribution utilities based on PSA and ASPA for WMPC and estimated contracted capacities based on applied ASPA for SPPC. On the other hand, dispatchable capacity

reflects management's estimate of actual energy to be delivered during the contract period. Contracted and dispatchable capacities are based on historical performance of the CGUs. *Contracted and dispatchable capacity.* Contracted capacity reflects the management's forecast of future contracts to be agreed with electric cooperatives and distribution utilities, and approved by ERC. On the other hand, dispatchable capacity reflects management's estimate of actual energy to be delivered during the contract period. Contracted and dispatchable capacities are based on historical performance of the CGUs.

#### 10. Prepaid Expenses and Other Current Assets

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Deposit in interest reserve accounts	₱893,803,581	₱968,735,875
Creditable withholding tax	258,051,953	242,339,158
Prepayments	192,270,783	172,220,990
Input VAT	5,167,945	4,899,455
	<b>₱1,349,294,263</b>	<b>₱1,388,195,478</b>

#### 11. Accounts Payable and Other Current Liabilities

	September 30, 2020 (Unaudited)	December 31, 2019 (Audited)
Accounts payable-trade	₱1,431,353,516	₱2,624,697,461
Accrued expenses	181,424,592	807,102,86
Retention payable	-	102,775,438
Output tax and withholding tax payable	193,766,427	217,256,721
Contract liability	343,616,000	26,432,000
Advances from customers	30,508,363	30,508,363
Dividends payable	780,000,000	144,000,000
Contract lease liability	15,009,673	11,008,135
Interest payable	319,960,369	316,267,945
Other current liabilities	225,982,555	200,601,862
	<b>₱3,521,621,494</b>	<b>₱4,480,650,789</b>

Trade payables are noninterest-bearing and are normally on a 60 to 75 days term.

Accrued expenses represent accruals for vacation and sick leaves, interest, overhead fees and utilities. Accrued expenses are normally settled within a year.

Other current liabilities include statutory payables, such as withholding taxes, SSS premiums and other liabilities to the government. Other current liabilities are noninterest-bearing and have an average term of 30 days.

## 12. Equity

### Capital Stock

	September 30, 2020		December 31, 2019	
	No. of shares	Amount	No. of shares	Amount
<b>Authorized</b>				
Common stock - ₱1 par value	11,945,000,000	₱11,945,000,000	11,945,000,000	₱11,945,000,000
Preferred stock - ₱0.01 par value	5,500,000,000	55,000,000	5,500,000,000	55,000,000
		<b>₱12,000,000,000</b>		<b>₱12,000,000,000</b>
<b>Common Shares</b>				
Issued and outstanding	6,291,500,000	₱6,291,500,000	6,291,500,000	₱6,291,500,000
<b>Preferred Shares</b>				
Subscribed	5,500,000,000	55,000,000	5,500,000,000	55,000,000
Subscriptions receivable		(6,416,667)		(10,816,667)
		<b>₱6,340,083,333</b>		<b>₱ 6,335,683,333</b>

On May 25, 2011, SEC approved the amendment of the Articles of Incorporation of ACR creating a class of preferred shares, by reclassifying 55,000,000 unissued common shares with a par value of ₱1.0 per share into 5,500,000,000 redeemable preferred voting shares with a par value of ₱0.01 per share.

The redeemable preferred shares have the following features:

- Redeemable preferred shares may only be issued or transferred to Filipino citizens or corporations or associations at least 60% of capital of such corporations or associations is owned by Filipino citizens.
- Holders of redeemable preferred shares are entitled to receive, out of the unrestricted retained earnings of ACR, cumulative dividends at the rate of 8% per annum of the par value of the preferred shares, before any dividends shall be paid to holders of the common shares.
- ACR may, by resolution of the BOD, redeem the preferred shares at par value. ACR will redeem the preferred shares at par value (i) when the foreign equity limits to which ACR is subject to shall have been removed; and (ii) ACR is not engaged in any other activity likewise reserved exclusively to Filipino citizens, or corporations or associations at least sixty percent (60%) of whose capital is owned by Filipino citizens that would otherwise require ACR to maintain the ownership of the preferred shares by such Filipino citizens. The preferred shares when redeemed will not be retired, and may be reissued upon resolution of the BOD.
- In the event of dissolution or liquidation, holders of redeemable preferred shares are entitled to be paid in full, or pro-rata insofar as the assets and properties of ACR will permit, the par value of each preferred share before any distribution shall be made to the holders of common shares, and are not entitled to any other distribution.

All common and preferred shares have full voting rights.

On February 4, 2013, Alcorp subscribed to 5,500,000,000 preferred shares with par value of ₱0.01 per share, from the unissued authorized preferred shares of the Company. On the same date, Alcorp paid ₱13.8 million representing 25% of the subscription price of ₱55.0 million.

The following summarizes the information on the Parent Company's registration of securities under the Securities Regulation Code:

Date of SEC Approval	Activity	Authorized Common Shares	No. of Shares Issued	Issue/Offer Price
1993	Initial Public Offering	12,000,000,000	6,291,500,000	₱1
2011	Conversion of unissued common shares to redeemable preferred shares	(55,000,000)	-	-
		11,945,000,000	6,291,500,000	

#### Retained Earnings

The BOD approved the appropriation of its retained earnings for its equity contributions to the following projects:

As of December 31, 2019:

Project Name	Nature/Project Description	Amount (In millions)	Timeline (Year)
ZAM100	Construction of 105 MW coal-fired power plant in San Ramon, Zamboanga City	₱600	2022
Siguil	Hydro-electric power in Maasim, Sarangani	370	2022
Bago	Hydro-electric power in Negros Occidental	130	2024
		₱1,100	

The retained earnings are restricted from being declared as dividends to the extent of the appropriation for equity contribution to the foregoing projects.

The Parent Company declared the following cash dividends:

Year	Date of Declaration	Amount	Per Share	Date of Record	Date of Payment
2020	July 11, 2020	₱125,830,000	₱0.02	July 23, 2020	August 4, 2020
2019	May 30, 2019	125,830,000	0.02	June 30, 2019	July 25, 2019
2018	May 24, 2018	226,494,000	0.036	June 30, 2018	July 25, 2018
2017	May 25, 2017	100,664,000	0.016	June 30, 2017	July 25, 2017

Dividends on preferred shares amounting to ₱4 million in 2019, 2018 and 2017 were applied against the Parent Company's subscriptions receivable from Alcorp.

#### Earnings Per Share (EPS) Attributable to Equity Holders of the Parent

	Nine-Month Period Ended September 30	
	2020 (Unaudited)	2019 (Unaudited)
Net income attributable to equity holders of the parent	₱331,980,012	₱23,389,059
Dividends on preferred shares	-	-
Net income attributable to equity holders of the parent after dividends on preferred shares	360,595,352	23,389,059
Divided by the average number of common shares outstanding during the year	6,291,500,000	6,291,500,000
Basic/Diluted EPS	₱0.057	₱0.004

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### 13. Loans Payable

#### Loans Payable

##### *Parent Company*

In 2019, the Company availed of unsecured short-term loans from local banks totaling to ₱494 million. These loans are subject to annual interest rates ranging from 3.50% to 6.00% per annum and are payable on various dates within one year. Upon maturity in 2019, these loans were renewed by the Company. As at December 31, 2019 outstanding short-term loans amounted to ₱62 million.

##### *MPC*

MPC availed of unsecured bank loans from Development Bank of the Philippines (DBP), Philippine National Bank and Chinabank amounting to ₱270 million for the year ended December 31, 2019. The loans bear interest rates ranging from 4.25% to 6.00%. Outstanding balance from the related bank loans amounted to ₱50 million as at December 31, 2019.

##### *WMPC*

WMPC availed of unsecured bank loans from DBP and UBP totalling to ₱310 million for the years ended December 31, 2019, with interest rates ranging from 6.85% to 7.50% per annum in 2019. The was fully settled during the year..

#### Short-term Notes Payable

##### *Parent Company*

In 2018, the Parent Company initiated a P=3 billion Commercial Paper Program with the Multinational Investment Bancorporation acting as the sole issue manager, lead arranger and underwriter of such commercial papers to be listed publicly through the Philippine Dealing & Exchange Corporation. The issuance was divided into two tranches. The first and second tranches shall amount to issuances totaling ₱1,500 million and ₱1,000 million, respectively.

In October 2018, the Company has listed a total of ₱100 million worth of commercial papers, which was part of the first tranche, with a tenor of 360 days, maturing in October 2019. These were issued at discounted amounts with net proceeds amounting to ₱94 million.

In 2019, the Company has listed a total of ₱1,880 million worth of commercial papers with a tenor of 90 to 360 days. These were issued at discounted amounts with net proceeds amounting to ₱1,806 million. Outstanding balance from the commercial papers amounted to ₱974 million as at December 31, 2019.

##### *Sarangani*

Sarangani availed of loan from local banks to be used as working capital amounting to ₱645 million for the year ended December 31, 2019, with nominal interest rates ranging from 5.50% to 6.25% in 2019. Outstanding balance from the related bank loans amounted to ₱645 million as at December 31, 2019.

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### 14. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are composed of cash and cash equivalents, short-term cash investments, equity investments designated at FVOCI, loans payable and long-term debts. The main purpose of these financial instruments is to raise finances for the Group's operations.

The Group has various other financial assets and liabilities such as trade and other receivables and accounts payable and other current liabilities which arise directly from its operations. The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk (interest rate risk, equity price risk and foreign currency risk).

Management reviews and the BOD approves policies for managing each of these risks which are summarized below.

#### Credit Risk

Credit risk is the risk that a counterparty will not meet its obligation under a financial instrument or a customer contract, leading to a financial loss. The Group trades only with recognized and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

In the Group's real estate business, transfer of the property is executed only upon full payment of the purchase price. There is also a provision in the sales contract which allows forfeiture of the installment/deposits made by the customer in favor of the Group in case of default. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments.

In the Group's power generation business, it is the policy of the Group to ensure that all terms specified in the PSAs with its customers, including the credit terms of the billings, are complied with. The table below shows the gross maximum exposure to credit risk of the Group as at September 30, 2020 and December 31, 2019 before considering the effects of collaterals, credit enhancements and other credit risk mitigation techniques.

	September 30, 2020	December 31, 2019
Cash and cash equivalents*	2,522,321,402	₱2,814,178,139
Short-term cash investments	508,745,257	181,632,086
Trade and other receivables		
Trade receivables		
Power	1,575,159,645	1,578,133,517
Real estate**	40,335,604	69,154,468
Due from related parties	1,475,830,611	1,578,133,517
Contract assets	1,424,634,456	1,182,196,755
Retention receivables	24,455,481	24,455,481
Other receivables***	37,865,962	38,320,708
Deposits in interest reserve account	893,803,581	968,735,875
	8,503,151,999	8,256,550,594

\*Excludes cash on hand

\*\*Includes noncurrent portion of installment.

\*\*\*Excludes advances for business expenses and advances to employees.

#### Trade receivables and contract assets

The Group's trade receivables and contract assets are monitored on a regular basis. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due of the customer with loss pattern. The calculation reflects the probability-weighted outcome and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic



conditions. For trade receivables from real estate sales, expected credit loss is computed using vintage analysis.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. Generally, trade and other receivables from customers and contract assets are written-off when deemed unrecoverable and are not subject to enforcement activity. The maximum credit exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

#### *Due from related parties*

The Group considers its due from related parties as high grade due to assured collectability through information from the related parties' sources of funding.

#### *Other financial assets*

Credit risk from balances with banks and financial institutions is managed in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty limits are reviewed and approved by the BOD, and are updated when necessary.

The Group does not hold any collateral from its customers; thus, the carrying amounts of cash and cash equivalents and refundable deposits approximate the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

Cash and cash equivalents, short-term cash investments and deposits in interest rate reserve accounts are placed in various banks. Material amounts are held by banks which belong to top five (5) banks in the country. The rest are held by local banks that have good reputation and low probability of insolvency. These are considered to be low credit risk investments.

The Group classifies credit quality risk as follows:

*Minimal risk* - accounts with a high degree of certainty in collection, where counterparties have consistently displayed prompt settlement practices, and have little to no instance of defaults or discrepancies in payment.

*Average risk* - active accounts with minimal to regular instances of payment default, due to ordinary/common collection issues, but where the likelihood of collection is still moderate to high as the counterparties are generally responsive to credit actions initiated by the Group.

*High risk* - accounts with low probability of collection and can be considered impaired based on historical experience, where counterparties exhibit a recurring tendency to default despite constant reminder and communication, or even extended payment terms.

#### *Liquidity Risk*

Liquidity risk arises from the possibility that the Group encounter difficulties in raising funds to meet or settle its obligations at a reasonable price. The Group maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements are maintained to meet maturing obligations and pay dividend declarations.

As of September 30, 2020, the Group has on-going negotiations regarding refinancing of its currently maturing long-term debt and received two proposals from reputable banks.

#### Interest Rate Risk

Interest risk is the risk that changes in interest rates will adversely affect the Group's income or value of its financial instruments. The Group's exposure to market risk for changes in interest rates relates primarily to the Group's long-term debts obligations.

Interest on financial instruments classified as floating rate is repriced on a quarterly and semi-annual basis.

#### Equity Price Risk

Equity price risk is the risk that the fair value of quoted AFS financial assets decreases as the result of changes in the value of individual stock. The Group's exposure to equity price risk relates primarily to the Group's quoted AFS financial assets. The Group's policy requires it to manage such risk by setting and monitoring objectives and constraints on investments; diversification plan; and limits on investment in each industry or sector. The Group intends to hold these investments indefinitely in response to liquidity requirements or changes in market conditions.

The following table demonstrates the sensitivity to a reasonably possible change in equity price, with all other variables held constant, of the Group's consolidated equity. The reasonably possible change in equity price was based on the year-to-year change of stock market indices. In quantifying the effect of reasonably possible change in equity price, the expected return on the AFS financial assets is correlated to the return of the financial market as a whole through the use of beta coefficients. The methods and assumptions used in the analysis remained unchanged over the reporting periods. The table below summarizes the impact of changes in equity price on the consolidated equity. However, significant decrease in equity price may affect the consolidated income before income tax.

#### Foreign Currency Risk

The Group's exposure to foreign currency risk is limited to monetary assets and liabilities denominated in currencies other than its functional currency. Substantial portion of the U.S. dollar denominated assets and liabilities is attributable to the Group's power segment in which the functional currency is the U.S. dollar. The Group closely monitors the fluctuations in exchange rates so as to anticipate the impact of foreign currency risk associated with its financial instruments.

#### Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its businesses and maximize shareholder's value. The Group considers its total equity and debt reflected in the consolidated statement of financial position as its capital. The Group manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares and raise additional. No changes were made in the objectives, policies or processes in 2020 and 2019. The Group monitors its capital based on debt to equity ratio as required by its loans agreements with financial institutions. The Group includes debt interest bearing loans and borrowings. Capital includes equity attributable to the equity holders of the parent less the other equity reserves. The Group monitors capital on the basis of the debt-to-equity ratio and interest coverage ratio in compliance for its long-term debts. Debt-to-equity ratio is calculated as total liabilities over total equity, excluding accounts payable and other current liabilities arising from operations and other reserves. Interest coverage ratio is calculated as earnings before interest, taxes, depreciation and amortization over total interest expense.

As of July 24, 2020, the Company mandated DBP Investment Bank to arrange the Refinancing of ACR's Outstanding Corporate Notes due on 2020 and 2022. Most of the lenders have already secured their BOD approvals for the refinancing and we expect to sign the agreement by August 2020.

#### Financial management Risk

The economic narrative on the COVID-19 outbreak revolves around two causal mechanisms: the impact of the fear factor on behavior, reflected in a decline in demand for travel-related services, discretionary consumption, and the production and regional supply chains. Our power plants continue to deliver the uninterrupted energy supply required by the power purchasers under their respective power sales agreements. As long as the power purchasers distribute the power sold to them by ACR's subsidiaries, and honor their power sales agreements, the impact on the business will be minimal.

Type of Accounts Receivable:		TOTAL	1month	2-3months	4-6months	7months to 1year	1-2years	3-5years	5years and above	Past due Accounts
a) Accounts Receivable - Trade										
1	Power	1,608,627,271	680,449,336	297,756,908	420,334,306	98,126,264	111,960,458			
2	Real Estate	75,291,423	1,144,430	1,327,388	1,911,454	2,879,144	2,468,546	2,030,795	63,529,666	
3	Rental	3,412,392	229,654	235,796	154,923	220,099	540,216	887,843	31,730,458	
4	Plywood Hardflex, agri & Ind'l	31,730,458							1,143,861	
	Subtotal	1,719,061,544	681,823,419	299,320,092	422,400,683	101,225,507	114,969,220	2,918,638	96,403,985	
	Less: Allow. For Doubtful Accounts								78,164,463	
	Net Trade Receivables	1,640,897,081	681,823,419	299,320,092	422,400,683	101,225,507	114,969,220	2,918,638	18,239,522	
b) Accounts Receivable - Others										
1	Advances affiliates/project developer/joint venture	1,475,830,611	4,796,449	73,496,364	486,433,769	71,135,035	8,117,068	3,896,193	827,955,731	
2	Advances contractors and suppliers	2,343,516	65,150	184,869	53,034	2,040,663				
3	Retention Receivable	24,455,481								
4	Advances officers & employees / business expense	19,117,846	3,641,950	8,079,202	1,841,049	684,419	4,567,253	24,455,481		
5	Miscellaneous and other receivables	97,702,045	1,025,871	619,431	12,095,513	11,098,952	22,793,887	303,974		
	Total Accounts Receivable - Others	1,619,449,499	9,529,420	82,379,666	500,423,365	84,959,070	35,478,209	36,044,531	14,023,858	
	Less: Allow. For Doubtful Accounts	5,271,357						64,700,179	841,979,589	
	ACCOUNTS RECEIVABLE-NET (a + b)	1,614,178,142	9,529,420	82,379,666	500,423,365	84,959,070	35,478,209	64,700,179	5,271,357	
		3,255,075,223	691,352,840	381,699,758	922,824,048	186,184,576	150,447,429	67,618,817	836,708,232	
									854,947,754	

Accounts Receivable Description		Nature/Description	Collection Period
1. Trade receivable			
a) Power	Receivable arising from sale of power to NPC		30 days
b) Lots	Sale of residential lots		3 to 10 years
c) Rental	Office, parking & warehouse rental		30 days
d) Plywood Hardflex, agri & Ind'l	Sale of ecowood, fiber cement board, Agri & Industrial products		38,58 & 130 days
2. Non-Trade receivable			
a) Advances Officers & Employees	Cash advances for business expenses		
b) Advances Operators/Contractors	Advances made to operators/contractors		30 days
c) Accrued Interest	Interest on temporary investments		30 days
d) Others	Advances to various and other entities for business/investment development and routine inter-company transactions.		30 - 90 days
			30 days - 2 years

Attachment B							
Title of Issue and Type of Obligation							
Parent Company	Loans Payable In the Balance Sheet	Short Term Notes Payable In the Balance Sheet	Current Portion of Long-Term Debt in the Balance Sheet	Interest Rates	Term	Maturity	Non-Current Portion of Long-Term Debt in the Balance Sheet
Development Bank of the Phils.			2,842,124,112	Fixed 7.243%	Maturity Date	3. Dec. 2020	
Land Bank of the Philippines			1,066,928,067	Fixed 7.243% and 7.92%	Maturity Date / Annually	3. Dec. 2020 and 3. Dec. 2022	857,740,704
Robinsons Bank Corporation			250,599,468	Fixed 7.243% and 7.92%	Maturity Date / Annually	3. Dec. 2020 and 3. Dec. 2022	531,343,789
Social Security System			406,017,730	Fixed 7.243%	Maturity Date	3. Dec. 2020	
SSS Provident Fund			698,883	Fixed 7.92%	Annually	3. Dec. 2022	53,134,380
ANTIPOLO SEMINARY FOUNDATION INC.		9,207,697.39		4.75%	150days	February 4, 2021	
CHRIST THE KING COLLEGE		5,700,000.00		5.00%	91days	October 5, 2020	
CONGREGATION OF THE MOST HOLY REDEEMER		26,298,214.43		4.75%	150days	February 4, 2021	
FRANCISCAN MISSIONARIES OF MARY		4,053,125.00		4.00%	60days	November 23, 2020	
MISSIONARY SISTERS OF IMMACULATE HEART		1,224,137.33		4.25%	60days	October 16, 2020	
MISSIONARY SISTERS OF IMMACULATE HEART		3,111,942.70		4.25%	60days	October 16, 2020	
MISSIONARY SISTERS OF IMMACULATE HEART		7,066,097.63		4.25%	60days	October 16, 2020	
MISSIONARY SISTERS OF IMMACULATE HEART		4,038,250.00		4.25%	61days	October 16, 2020	
MULTINATIONAL INVESTMENT BANK CORPORATION		35,000,000.00		6.25%	30days	October 5, 2020	
PAG ASA HUMAN DEVELOPMENT FOUNDATION INC.		8,297,268.62		4.25%	60days	October 7, 2020	
PAG ASA HUMAN DEVELOPMENT FOUNDATION INC.		5,000,000.00		5.00%	91days	October 16, 2020	
PERAA FUND		38,071,875.00		5.00%	90days	October 5, 2020	
SBJ MARIKINA SHOE EXCHANGE		25,000,000.00		4.25%	62days	October 14, 2020	
SHOECAT, INC.		40,000,000.00		4.25%	60days	October 16, 2020	
ST. LOUIS SCHOOL INC. (tax exempt)		3,641,741.73		4.25%	60days	October 16, 2020	
ST. AUGUSTINE'S SCHOOL INC. (tax exempt)		7,732,076.22		4.25%	60days	October 16, 2020	
ST. AUGUSTINE'S SCHOOL INC. (Tax Exempt)		3,023,750.00		4.00%	30days	October 16, 2020	
ST. AUGUSTINE'S SCHOOL INC. (Tax Exempt)		2,005,666.67		4.00%	60days	October 15, 2020	
ST. LOUIS SCHOOL, INC. (Tax Exempt)		3,055,695.87		4.25%	90days	November 24, 2020	
ST. THERESA'S COLLEGE - QUEZON CITY		8,000,000.00		5.00%	90days	October 15, 2020	
STELLA MARIS COLLEGE (tax exempt)		5,700,177.53		4.00%	60days	October 9, 2020	
STELLA MARIS COLLEGE (tax exempt)		5,661,247.86		4.25%	60days	October 13, 2020	
STERLING BANK OF ASIA TRUST GROUP		55,000,000.00		4.25%	60days	October 9, 2020	
STERLING BANK OF ASIA TRUST GROUP		85,000,000.00		4.25%	62days	October 12, 2020	
STERLING BANK OF ASIA TRUST GROUP		57,000,000.00		4.25%	60days	October 5, 2020	
STERLING BANK OF ASIA TRUST GROUP		28,200,000.00		4.25%	90days	December 16, 2020	
STERLING BANK OF ASIA TRUST GROUP		150,000,000.00		4.25%	61days	October 14, 2020	
PBB TIC AS INVESTMENT MANAGER OF VARIOUS ACCOUNT	14,877,775			3.25%	91days	Dec. 14, 2020	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA				3.25%	91days	Dec. 14, 2020	
NO 280 001861	4,959,258			3.25%	91days	Dec. 14, 2020	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER	41,657,770			3.25%	91days	Dec. 14, 2020	
030320530099				3.25%	91days	Dec. 14, 2020	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER	4,959,258			3.25%	91days	Dec. 14, 2020	
030320008357				3.25%	91days	Dec. 14, 2020	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER	4,959,258			3.25%	91days	Dec. 14, 2020	
030180000410				3.25%	91days	Dec. 14, 2020	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER	4,959,258			3.25%	91days	Dec. 14, 2020	
030180007931				3.25%	91days	Dec. 14, 2020	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER	4,959,258			3.25%	91days	Dec. 14, 2020	
030180530097				3.25%	91days	Dec. 14, 2020	
FRANCISCAN MISSIONARIES OF MARY	4,959,258			3.25%	91days	Dec. 14, 2020	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310025290	4,900,893			4%	182days	March 15, 2021	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310024191	4,900,893			4%	182days	March 15, 2021	

Title of Issue and Type of Obligation	Loans Payable in the Balance Sheet	Short Term Notes Payable in the Balance Sheet	Current Portion of Long-Term Debt in the Balance Sheet	Interest Rates	Term	Maturity	Non-Current Portion of Long-Term Debt in the Balance Sheet
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310025445	9,801,786			4%	182days	March 15,2021	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310026901	45,578,305			4%	182days	March 15,2021	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310027767	88,216,975			4%	182days	March 15,2021	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280001260	9,801,786			4%	182days	March 15,2021	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280000901	9,801,786			4%	182days	March 15,2021	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280001249	4,900,893			4%	182days	March 15,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320530069	49,008,931			4%	182days	March 15,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008241	19,603,572			4%	182days	March 15,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008464	4,998,911			4%	182days	March 15,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008493	4,900,893			4%	182days	March 15,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008487	4,900,893			4%	182days	March 15,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008382	4,900,893			4%	182days	March 15,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320008357	4,900,893			4%	182days	March 15,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180007971	4,900,893			4%	182days	March 15,2021	
STELLA MARIS COLLEGE INC	4,900,893			4%	182days	March 15,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP TA NUMBER 030005000005	4,900,893			4%	182days	March 15,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320008292	38,109,127			4%	182days	March 15,2021	
BILLONES JOSEPHINE MANINGO OR BILLONES ANAMAE MANINGO	4,900,893			4%	182days	March 15,2021	
SAMANIEGO AMELIA RIVERA OR SAMANIEGO CELSO LOMBO	2,862,520			4.75%	364days	Sept. 13,2021	
QUIAMBAO CECILIA CRISTINA G OR TAN MARIMIL G	2,862,520			4.75%	364days	Sept. 13,2021	
QUIAMBAO CECILIA CRISTINA G OR QUIAMBAO MIKAELA G	5,247,953			4.75%	364days	Sept. 13,2021	
NAVARRO MARIA TERESITA MAULEON	5,247,953			4.75%	364days	Sept. 13,2021	
ROXAS SOL ELIZAH T	954,173			4.75%	364days	Sept. 13,2021	
GULLARTE DANTE DIZON	2,957,937			4.75%	364days	Sept. 13,2021	
CAYANGA EFRENILO JR LANSANGAN OR CAYANGA EVE CHERIE LYNN LANSANGAN	1,908,346			4.75%	364days	Sept. 13,2021	
CAYANGA EVE CHERIE LYNN LANSANGAN	954,173			4.75%	364days	Sept. 13,2021	
CAYANGA EMMANUEL CHRISTIAN LANSANGAN OR CAYANGA EVE CHERIE LYNN LANSANGAN	954,173			4.75%	364days	Sept. 13,2021	
CAYANGA EGBERT CHAD LANSANGAN OR CAYANGA EVE CHERIE LYNN LANSANGAN	954,173			4.75%	364days	Sept. 13,2021	
DEL ROSARIO MARIA LUZ UY OR EXOMO LARRY VENTURA OR EXOMO KEIKO KIANA ESPINUEVA	954,173			4.75%	364days	Sept. 13,2021	
PUZON MIGUEL YAP	954,173			4.75%	364days	Sept. 13,2021	
CHAN HUAN KIM OR CHAN NENITA ALVARADO	954,173			4.75%	364days	Sept. 13,2021	
SY SUY KIAT OR SY VICTORIA CO OR SY GIOVANNI JOHN CO	4,770,886			4.75%	364days	Sept. 13,2021	
FLORES PATRICIA GUTIERREZ	477,087			4.75%	364days	Sept. 13,2021	
ANTRILIA RESOURCES CORPORATION	954,173			4.75%	364days	Sept. 13,2021	
SBJ MARKINA SHOE EXCHANGE CORPORATION	7,633,385			4.75%	364days	Sept. 13,2021	
SHOECAT INC	23,854,330			4.75%	364days	Sept. 13,2021	
FRANCISCAN MISSIONARIES OF MARY	28,625,195			4.75%	364days	Sept. 13,2021	
SHINHAN BANK MANILA BRANCH	1,908,346			4.75%	364days	Sept. 13,2021	
CTEC BANK PHILS CORP TISD AS IMA AGENT TO IMA NO 28450	186,063,771			4.75%	364days	Sept. 13,2021	
	9,923,401			4.75%	364days	Sept. 13,2021	

Title of Issue and Type of Obligation	Loans Payable In the Balance Sheet	Short Term Notes Payable In the Balance Sheet	Current Portion of Long-Term Debt in the Balance Sheet	Interest Rates	Term	Maturity	Non-Current Portion of Long-Term Debt in the Balance Sheet
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008254	1,526,677			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008314	4,770,866			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008458	14,312,598			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008411	4,961,701			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180330096	14,312,598			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008241	1,812,929			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530085	3,816,693			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008000	954,173			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008176	2,099,181			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008255	1,908,346			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 03032008358	1,049,591			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530097	5,725,039			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008383	1,049,591			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008413	1,908,346			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008454	2,099,181			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530093	1,049,591			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320530098	5,247,953			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008104	1,908,346			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008424	1,049,591			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008426	1,049,591			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008427	1,049,591			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008428	1,908,346			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180007932	1,049,591			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180000961	1,049,591			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530065	1,049,591			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530091	2,862,520			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180530092	2,862,520			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008155	1,049,591			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030180008222	1,049,591			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP MONEY MARKET FUND	4,770,866			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP BALANCED FUND	477,087			4.75%	364days	Sept. 13,2021	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001862	954,173			4.75%	364days	Sept. 13,2021	

Title of Issue and Type of Obligation		Loans Payable in the Balance Sheet	Short Term Notes Payable in the Balance Sheet	Current Portion of Long-Term Debt in the Balance Sheet	Interest Rates	Term	Maturity	Non-Current Portion of Long-Term Debt in the Balance Sheet
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001863		954,173			4.75%	364days	Sept. 13,2021	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001715		477,087			4.75%	364days	Sept. 13,2021	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 000724		9,541,732			4.75%	364days	Sept. 13,2021	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001249		3,816,693			4.75%	364days	Sept. 13,2021	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001766		1,908,346			4.75%	364days	Sept. 13,2021	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001467		1,049,591			4.75%	364days	Sept. 13,2021	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001342		954,173			4.75%	364days	Sept. 13,2021	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001160		954,173			4.75%	364days	Sept. 13,2021	
STERLING MONEY MARKET FUND TA NO 111000111		1,908,346			4.75%	364days	Sept. 13,2021	
STERLING BANK OF ASIA TRUST GROUP AS INVESTMENT MANAGER OF TA NO 280 001624		477,087			4.75%	364days	Sept. 13,2021	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093160000041		1,908,346			4.75%	364days	Sept. 13,2021	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093120000333		477,087			4.75%	364days	Sept. 13,2021	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093120000168		1,812,929			4.75%	364days	Sept. 13,2021	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093160000065		5,534,204			4.75%	364days	Sept. 13,2021	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 0931600000546		572,504			4.75%	364days	Sept. 13,2021	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 0931600000539		572,504			4.75%	364days	Sept. 13,2021	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 0931200000021		954,173			4.75%	364days	Sept. 13,2021	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310024234		4,770,866			4.75%	364days	Sept. 13,2021	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001310024191		4,770,866			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320008375		19,083,464			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP IMA NUMBER 030320008292		3,530,441			4.75%	364days	Sept. 13,2021	
ROBINSONS BANK TRUST AND INVESTMENTS GROUP TA NUMBER 030005000005		78,428,272			4.75%	364days	Sept. 13,2021	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093120000302		2,290,016			4.75%	364days	Sept. 13,2021	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093120000205		15,362,188			4.75%	364days	Sept. 13,2021	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093120000296		1,526,677			4.75%	364days	Sept. 13,2021	
CITYSTATE SAVINGS BANK TRUST FAO TA NO 093120000014		3,339,606			4.75%	364days	Sept. 13,2021	
PBB TIC AS INVESTMENT MANAGER FAO IMA NO 001320026989		5,162,535			4.75%	364days	Sept. 13,2021	
Saranggani Energy Corp.								
Banco de Oro								
RCBC				723,764,320	Fixed 8.06%	Semi-Annual	Oct. 19,2026 and April 17,2030	8,504,605,170
UCPB				142,396,655	Fixed 8.06%	Semi-Annual	Oct. 19,2026 and April 17,2030	1,677,314,690
Asia United Bank				141,540,419	Fixed 8.06%	Semi-Annual	Oct. 19,2026 and April 17,2030	1,660,006,319
Philippine Business Bank				212,310,628	Fixed 8.06%	Semi-Annual	Oct. 19,2026 and April 17,2030	2,490,009,480
China Bank Savings				67,834,541	Fixed 8.06%	Semi-Annual	Oct. 19,2026 and April 17,2030	770,660,174
Robinson Savings Bank				14,239,666	Fixed 8.06%	Semi-Annual	Oct. 19,2026 and April 17,2030	167,731,469
TOTAL		Php965,013,644	Php626,129,964	Php5,882,694,155				Php16,880,277,653



**Schedule of Financial Soundness**  
Schedule of Financial Soundness

Financial KPI	Definition	September 30	
		2020	2019
<b>Liquidity</b>			
Current Ratio / Liquidity Ratio	Current Assets	0.8	1.27:1
	Current Liabilities		
<b>Solvency</b>			
Debt to Equity Ratio/Solvency Ratio	Long-term debt (net of unamortized transaction costs)+Loans Payable	2.77:1	2.74:1
	(Equity attributable to Parent)		
<b>Interest Rate Coverage Ratio</b>			
Interest Rate Coverage Ratio	Earnings Before Interest, Taxes and Depreciation	2.82	2.85:1
	Interest Expense		
<b>Profitability Ratio</b>			
Return on Equity	Net Income	11%	4.0%
	Stockholders' Equity		
<b>Asset-to-Equity Ratio</b>			
Asset-to-Equity Ratio	Total Assets	2.87	2.94:1
	Total Equity		