



SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17 OF THE  
SECURITIES REGULATION CODE  
AND SECTION 141 OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended 31 December 2018
2. SEC Identification Number 59366      3. BIR Tax Identification No. 001-748-412
4. ALSONS CONSOLIDATED RESOURCES, INC.  
Exact name of registrant as specified in its charter
5. Philippines      6. (SEC Use Only)   
Province, country or other jurisdiction of incorporation      Industry Classification Code:
7. Alsons Building., 2286 Don Chino Roces Avenue, Makati City, Philippines      1231  
Address of principal office      Postal Code
8. (632) 982-3000  
Registrant's telephone number, including area code
9. (Not applicable)  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the SRC  

Title of Each Class	Number of Shares of Common Stock	Outstanding and Amount of Debt
Common Stock <b>₱1.00 par value</b>	<b>6,291,500,000 Shares</b>	Outstanding
11. Are any or all of these securities listed on the Philippine Stock Exchange?  
Yes       No
12. Check whether the registrant:
  - (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17 thereunder or Section 11 of the 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
13. Aggregate market value of the voting stock held by non-affiliates of the registrant:  
**₱1,763,792,784.4**  
Assumption: Based on Closing Price of ₱1.40 as of 8 April 2019 and on 1,259,851,996 shares.

## TABLE OF CONTENTS

	<u>Page No.</u>
<b>PART I - BUSINESS AND GENERAL INFORMATION</b>	
Item 1	Business
Item 2	Properties
Item 3	Risks
Item 4	Legal Proceedings
Item 5	Submission of Matters to a Vote of Security Holders
<b>PART II - OPERATIONAL AND FINANCIAL INFORMATION</b>	
Item 6	Market for Registrant's Common Equity and Related Stockholder Matters
Item 7	Management's Discussion and Analysis or Plan of Operation
Item 8	Financial Statements
Item 9	Changes in and Disagreements With Accountants and Financial Disclosure
<b>PART III - CONTROL AND COMPENSATION INFORMATION</b>	
Item 10	Directors and Executive Officers of the Registrant
Item 11	Executive Compensation
Item 12	Securities Ownership of Certain Beneficial Owners and Management
Item 13	Certain Relationship and Related Transactions
<b>PART IV - CORPORATE GOVERNANCE</b>	
Item 14	Corporate Governance
<b>PART V - EXHIBITS AND SCHEDULES</b>	
Item 15	a. Exhibits
	b. Reports on SEC Form 11-C (Current Report)
<b>SIGNATURES</b>	
<b>INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES</b>	
<b>INDEX TO EXHIBITS</b>	

## PART I - BUSINESS AND GENERAL INFORMATION

### Item 1. BUSINESS

Alsons Consolidated Resources, Inc. (ACR or the Company) was incorporated 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. (Tegre) in March 1995.

In 1994, the Alcantara Group, through Alsons Power Holdings Corporation (APHC), acquired a 55.80% interest in Tegre through a swap of APHC's 50.78% stake in Northern Mindanao Power Corporation (NMPC). The Securities and Exchange Commission (SEC) formally approved the stock swap on March 4, 1995 together with the increase in the Company's authorized capital stock from ₱1 billion to ₱3 billion.

The corporate name was changed to Alsons Consolidated Resources, Inc. in June 1995 to mark the entry of the Alcantara Group. The Company's primary purpose was subsequently changed to that of an investment holding company, and oil exploration was relegated to a secondary purpose.

On October 10, 1996, the Company completed its reorganization through a series of stock swaps. As a result, some of the Alcantara Group's established businesses became majority- or minority-owned subsidiaries of ACR, whose authorized capital was further increased from ₱3 billion to ₱12 billion.

ACR's core businesses, conducted through its various subsidiaries and associates, can be grouped into the following main categories: a) Energy and Power, b) Property Development, and c) Other Investments. A description of the general nature and scope of these businesses is presented below:

#### Energy and Power

ACR's investment in the Energy and Power business is through four holding firms namely, Conal Holdings Corporation (Conal or CHC), Alsing Power Holdings, Inc. (Alsing), Alsons Renewable Energy Corporation (AREC), and Alsons Thermal Energy Corporation (ATEC). Conal owns all of ACR's diesel plant operating power generation businesses, namely: (1) Alsing Power Holdings, Inc. at 80%, (2) Alto Power Management Corporation at 60%, and (3) Mapalad Power Corporation at 100%. Alsing, in turn, owns 55% of: (a) Western Mindanao Power Corporation; and (b) Southern Philippines Power Corporation. Further, ACR directly owns 20% of Alsing. AREC, which was organized on October 2, 2014, is currently developing Siguil Hydro Power Corporation, Kalaong Hydro Power Corporation, Bago Hydro Resources Corporation and Sindangan Zambo-River Power Corporation, all in the business of renewable energy, and holds 100% of these entities. ATEC was organized on December 3, 2015, and ACR transferred its ownership in Sarangani Energy Corporation (Sarangani Energy) to ATEC on October 13, 2016.

ACR also formed Aces Technical Services Corporation (ACES), a wholly-owned subsidiary, on July 7, 2011, and it serves as the operations and maintenance provider of Sarangani Energy and San Ramon Power, Inc. (SRPI). ACR transferred its ownership in ACES and SRPI to ATEC on October 12, 2016, and May 24, 2017, respectively.

On June 3, 2017, the Company signed an agreement with Global Business Power Corporation (GBP) for GBP to acquire a 50% less one share stake in ATEC. The Philippine Competition Commission approved the transaction on September 25, 2017, and the Deed of Absolute Sale was signed on

November 27, 2017. The partnership combines ACR's distinct knowledge of the Mindanao power market, development thru long years of experience as the island's first independent power producer and with GBP's track record as the leading power producer in the Visayas. The Company believes that this endeavor will greatly benefit power consumers particularly in light of the planned interconnection of the Mindanao and Visayas grids. The partnership will also give ACR the opportunity to pursue with greater strength its energy-based projects, particularly its renewable power generating plants in Mindanao and Western Visayas. This will also allow ACR to accelerate its foray and entry in other energy-related enterprises in Southern Philippines, including the smaller islands with promising growth in power demands.

ACR also has a wholly owned subsidiary, Alsons Power International Limited (APIL), which develops power plant projects outside the country.

The four (4) operating power generation subsidiaries, Western Mindanao Power Corporation (WMPC) and Southern Philippines Power Corporation (SPPC), Mapalad Power Corporation (MPC) and Sarangani Energy are all located in Mindanao.

WMPC operates a 100-megawatt (MW) diesel-fired electricity generating facility in Zamboanga City as a merchant plant after its 18-year "Build-Operate-Own" (BOO) arrangement with the National Power Corporation (NPC) expired in December 2015. SPPC operates a 55 MW diesel-fired electricity generating facility located in Alabel, Sarangani Province, 13 kilometers east of General Santos City, also as a merchant plant after its 18-year BOO arrangement with NPC expired on April 28, 2016.

MPC rehabilitated and started operating 98 MW of the 103MW bunker-fired Iligan Diesel Power Plants (IDPPs) I and II, which Conal acquired from the Iligan City Government on February 27, 2013. MPC currently operates as a merchant plant and serves various electric cooperatives in Mindanao.

The Mindanao Grid, where the four power plants of ACR's Energy and Power business operate, is dominated by power generated by the Agus Hydroelectric System. However, when the water of Lake Lanao is at a critical level, this System cannot service the full demand of the Mindanao Grid. The MPC, SPPC and WMPC plants are therefore able to address this deficit. As the demand for power in Mindanao is expected to grow rapidly over the next few years, these power plants would play an important role in providing adequate and stable power for Mindanao.

Sarangani Energy's 210MW coal-fired power plant is located in Maasim, Sarangani Province. Its first section of 105MW began commercial operations in April 2016, while its second section or Phase 2 is expected to commence commercial operations in the second quarter of this year. ACR has began site development and clearing works for SRPI's 105MW coal-fired power plant project, which could supply power to Zamboanga City and other parts of the Zamboanga Peninsula.

### **Property Development**

ACR is also engaged in the Property Development business through its subsidiary, Alsons Land Corporation or ALC. Established on November 25, 1994, ALC was primarily involved in a 72-hole golf course development called the Eagle Ridge Golf & Country Club, Inc. (the Golf Club), with a residential component called the "Eagle Ridge Golf & Residential Estates" (Eagle Ridge Estates), in General Trias, Cavite.

Eagle Ridge is a joint venture between ALC and Sta. Lucia Realty Development, Inc., which covers 700 hectares in General Trias, Cavite. The Golf Club is the only golf club in the Philippines with four completed signature golf courses and three fully operational clubhouses, with superior facilities that cater not only to golfers but also to their families and guests.

ALC is also engaged in the development of other types of housing products under “Campo Verde”, a joint venture project with Sunfields Realty Development, Inc. The 11-hectare property is located inside LTC and an hour away from Makati via the South Luzon Expressway and the Southern Tagalog Arterial Road Tollway. Campo Verde offers three (3) distinct Spanish themed homes that are ideal for young to growing families. The model house choices range from: Condesa with a lot area of 90 square meters and floor area of 36 square meters; Duquesa with a lot size of 100 square meters and a floor area of 50 square meters; and, Reina with 120 square meter-lot and a floor area of 80 square meters. To date, ALC is currently refocusing in the development of its remaining inventories.

Through subsidiary Kamanga Agro-Industrial Economic Development Corporation, ACR is also developing the Kamanga Agro-Industrial Economic Zone in the Municipality of Maasim, Province of Sarangani, where the power plant of Sarangani Energy is located. This “Ecozone” is accredited with the Philippine Economic Zone Authority (PEZA) as an agricultural and light-industry zone. Enterprises will be encouraged to set up their businesses in, or relocate to, this Ecozone to enjoy incentives prescribed by law through the PEZA.

To further boost ACR’s presence in Mindanao, it has also investment in Aviana Development Corporation that is presently developing the Azuela Cove. It is a joint venture project of Ayala Land Inc. (ALI) and the Company in Lanang, Davao City. The 25-hectare site, formerly a wood factory, is set to be transformed into a master planned, mixed-use community that will include residential low to mid-rise towers, commercial lots, offices, an events venue and a waterside cove with some retail components. The sustainable estate is set to be Davao’s prime waterside community, encapsulating a life of fluidity and ease within a vibrant locality and a buoyant economy South of the country; a paramount destination for the best in home, business and lifestyle in Mindanao.

### **Other Investments**

In 2007, ACR infused capital of ₱ 195 million in ACR Mining Corporation (ACR Mining), which was acquiring 75% interest in a joint venture between Alsons Development and Investment Corporation (ALDEVINCO), and Southern Exploration Corporation (SECO). This joint venture was organized to explore and develop the Manat mining claims, which are covered by Mineral Production Sharing Agreement (MPSA) No. 094-97-XL up to the year 2022, with an area of 1,547.32 hectares. It is located in the Municipality of Nabunturan, Province of Compostela Valley, and in the Municipality of Maco, Province of Davao del Norte. Previous exploration work identified three mineralized structures: Pagtulian, Katungbuan/Taglayag, and Magas. Detailed work on the Magas Vein Zone revealed an estimated inferred resource of 2.7 million tons containing: 2.8 g/t gold, 26 g/t silver, 0.09% copper, 0.85% lead, and 1.58% zinc. On May 24, 2015, ACR’s Board of Directors declared the shares of ACR Mining as a property dividend, with record date of June 5, 2015. The SEC approved the property dividend on August 11, 2015. The Bureau of Internal Revenue issued authorized the registration of the ACR Mining shares in the names of ACR’s shareholders on February 22, 2016.

The Declaration of Mining Project Feasibility was submitted to the Mines and Geosciences Bureau on October 2012. As of today, the Manat MPSA is in exploration phase development.

### **Status of publicly-announced new projects**

1. The second phase of 105MW of the 210 MW Sarangani Energy power plant is in advanced stage of construction. Commercial operations is expected to begin in the second quarter of 2019. The President of the Philippines personally inaugurated the plant's first phase and also attended the ground-breaking for its second phase on January 25, 2017. The second phase of Sarangani Energy's 210MW plant will provide baseload power to Mindanao.
2. The 105MW SRPI power plant in Zamboanga City received its environmental compliance certificate from the Department of Environment and Natural Resources in March 2012. The Company has begun site preparation and clearing works. The total project cost is estimated at ₱13.5 billion. SRPI is still negotiating with various banks to finance the project. Once in operation, the SRPI coal-fired power plant would be able to service Zamboanga City and other nearby areas.

The Company has no existing patents, trademarks, copyrights, licenses, franchises, concessions and royalty agreements.

### **1. Business segments contribution to revenues**

**Table I – Revenue Contribution by Business Segment**

	(Amounts in Thousand PhP)			% to Total		
	2018	2017	2016	2018	2017	2016
Energy and Power	₱6,637,810	₱6,494,069	₱7,085,042	100%	100%	100%
Property Development	28,461	24,832	21,756	0%	0%	0%
	₱6,666,271	₱6,518,901	₱7,106,798	100%	100%	100%

The Company had no income from foreign sources in 2018 or 2017. In 2016, the Company earned ₱8 million in fees for rendering technical advisory services to a power plant in Indonesia.

### **2. Competition**

A shift in the market forces has prompted a slowdown in sales for the Eagle Ridge Estates. Economic and affordable housing developments of Filinvest, Camella Homes, and Amaia have gained a foothold in the region.

While several power generation companies have either commenced construction of coal-fired power stations or announced plans to build them, Sarangani Energy has secured its position in the market by entering into Power Sales Agreements (PSAs) with various distribution utilities. Having secured the approval of the Energy Regulatory Commission of these PSAs, Sarangani Energy is assured of the market for its capacity.

The diesel power plants of WMPC and MPC are moderately contracted. These plants offer distribution utilities ideal peaking and insurance capacities due to their plants' competitive pricing and proven performance over years of reliable operations. SPPC, on the other hand, has no current PSA, but the Company is exploring opportunities for relocating its engines to other locations such as Region 8.

### **3. Sources and Availability of Raw Materials and Supplies**

SPPC has a Fuel Supply Agreement with Pilipinas Shell Petroleum for the supply of an estimated 2 to 4 million liters of fuel per month until September 1, 2019. MPC and WMPC each signed a Fuel Supply Agreement with Phoenix Petroleum Corporation for the supply of approximately 4 to 8 million liters of fuel per month for each plant. MPC's agreement is valid until August 16, 2019, and WMPC's agreement expired on December 13, 2018.

Each of WMPC, SPPC, and MPC has an agreement with Pilipinas Shell Petroleum Corporation for the supply of its lubricating oil.

Wärtsilä Corporation of Finland supplies the engine parts and major maintenance services needed by the diesel plants.

Sarangani Energy has a fuel supply and transport agreement with Toyota Tsusho Corporation for low sulfur coal, or sub-bituminous coal, which is sourced from Kalimantan, Indonesia with net calorific value of 3,630 to 5,450 KCal per kilogram and a price based on GlobalCoal New Castle Index. The agreement is valid for 10 years from April 29, 2016 until 2026.

### **4. Dependence on a Single or a Few Customers**

WMPC and MPC have secured, or are securing PSAs with various distribution utilities, and are currently moderately contracted. SPPC has no current PSA, but is exploring opportunities for relocating its engines to other locations such as Region 8. Sarangani Energy, on the other hand, has secured 25-year PSAs with the following distribution utilities:

<u>Contracting Party</u>	<u>Contracted Capacity (MW)</u>
South Cotabato Electric Cooperative II, Inc.	70
Iligan Light and Power, Inc.	15
Cagayan Electric Power and Light Company, Inc.	20
Davao del Norte Electric Cooperative, Inc.	15
Davao del Sur Electric Cooperative, Inc.	15
Agusan del Norte Electric Cooperative, Inc.	10
Agusan del Sur Electric Cooperative, Inc.	10
Cotabato Electric Cooperative, Inc.	10
South Cotabato 1Electric Cooperative, Inc.	10
Zamboanga del Sur 1Electric Cooperative, Inc.	5
Zamboanga del Norte Electric Cooperative, Inc.	5

Alto Power Management Corp. (APMC), a subsidiary of ACR, provides the plant and operation management services to SPPC, WMPC and MPC. Also, APMC International Ltd., a wholly owned subsidiary of APMC, provided operations and maintenance management services to PT Makassar Power Indonesia until April 2016.

The Property Development and other businesses of ACR are not dependent on a single or few customers and the loss of one or a few customers will have no material adverse effect on the Company and its subsidiaries.

## **5. Effect of Existing or Probable Governmental Regulations on the Business**

Republic Act No. 9136, the Electric Power Industry Reform Act of 2001 (EPIRA), and its implementing rules and regulations (IRR), provide for significant changes in the power sector, which includes, among others:

- a. The unbundling of the generation, transmission, distribution and supply of power and other disposal assets, including its contract with independent power producers and electricity rates;
- b. Creation of a Wholesale Electricity Spot Market (WESM) within one year; and,
- c. Open and nondiscriminatory access to transmission and distribution systems.

The law also requires public listing of not less than 15% of common shares of generation and distribution companies within 5 years from its effectivity. It provides: (i) cross ownership restrictions between transmission and generation companies, and between transmission and distribution companies; and (ii) a cap of 50% on the demand of a distribution utility sourced from an associated company engaged in generation except for contracts entered into prior to the effectivity of the EPIRA; and (iii) specifically relating to generation companies, a cap on the concentration of ownership to only 30% of the installed capacity of the grid and/or 25% of the national installed generating capacity. Based on the assessment of management, the operating subsidiaries have complied with the applicable provisions of the EPIRA and its IRR.

## **6. Research and Development**

ACR and its subsidiaries do not allocate specific amounts or a fixed percentage for research and development. All research, if any, are done by its subsidiaries and affiliates on a per project basis. The allocation for such activities may vary depending on the nature of the project.

## **7. Employees**

As of December 31, 2018, ACR and its 50% or more directly or indirectly-owned subsidiaries had a manpower complement of 472 employees, broken down as follows: 7 executives, 28 managers, 107 supervisors and 330 associates. The Company believes that changes in manpower complement will be minimal for the next twelve months. The employees of the Company and its subsidiaries are not unionized.

## **8. Bankruptcy Proceedings**

The Company has not contemplated any plan for bankruptcy, receivership or similar proceedings. Neither is there any material reclassification, merger, consolidation nor sale of any significant amount of assets in the ordinary course of business.

## **9. Cost and Effect of Compliance with Environmental Laws**

As a holding company, ACR engages only in projects and activities that comply with environmental laws. Its power subsidiaries follow the regulations embodied in the EPIRA. All its plants meet the exhaust emission standards set by DENR. Compliance with existing environmental laws has corresponding costs, which include expenditures for the following:

- a. renewal fees for the DENR permit/license to operate;
- b. exhaust emission tests and monitoring (costs covered by the environmental guarantee fund);
- c. environmental monitoring fund (SPPC ₱500,000 and WMPC ₱598,000); and,

d. environmental guaranty fund (SPPC ₱500,000 and WMPC ₱508,000).

The Company meets all governmental, environmental, health and safety requirements. The Company's operating units are regularly inspected and have not experienced significant governmental, environment, health or safety problems. For the past three years, the total amounts spent in complying with environmental laws by the subsidiaries are as follows (1) ₱2,593,707 in 2018; (2) ₱2,940,145 in 2017; and, (3) ₱2,747,044 in 2016

## **10. Investment Acquisition**

On October 9, 2015, the Board of Directors approved the subscription to non-voting preferred shares in ALDEVINCO amounting to ₱2.2 billion. The preferred shares are entitled to receive, out of the unrestricted retained earnings of the ALDEVINCO, cumulative dividends at the rate of 4% per annum of the par value of the preferred shares, before any dividends shall be paid to holders of the common shares. In 2018, ALDEVINCO declared dividends amounting to ₱264 million covering the years 2016 to 2018.

On February 27, 2013, CHC acquired from the Iligan City Government, the 98 MW bunker-fired diesel power plants formerly owned by NMPC at ₱387 million. MPC rehabilitated the plants at a total cost of ₱800 million, and thereby increased the energy generation capacity of the plants to 103MW

On December 11, 2015, the Company entered into a share swap agreement with Alsons Prime Investments Corporation (APIC), whereby the former assigned and transferred to the latter all its interest in Indophil Resources NL, an Australian company (Indophil or IRNL) in exchange for ownership interest in Indophil Resources Philippines, Inc. (IRPI), a Philippine corporation owned by IRNL. Accordingly, the Company recognized the investment in IRPI amounting to ₱1,213 million representing the carrying value of the investment at date of the share swap agreement.

The transfer of the Company's investment in IRNL to investment in IRPI has no commercial substance since the Company still exercises significant influence over IRPI due to its representation in the board of directors and operating committee of the board of IRPI. Accordingly, ACR treats its investment in IRPI as an "investment in associate", using the equity method in the 2018 consolidated financial statements.

## **Item 2. PROPERTIES**

### **DESCRIPTION OF PROPERTIES**

The Company's energy and power operations are located in three different sites. WMPC's power plant is in a 9-hectare property in Sitio Malasugat, Sangali, Zamboanga City, while SPPC's plant is situated in a 16-hectare property located in Alabel, Sarangani Province, which is 13 kilometers east of General Santos City. The WMPC and SPPC properties are fully owned by the above-mentioned subsidiaries of ACR. CHC's power plants, which are operated by MPC, are on an 8-hectare property in the Municipality of Lugait, Misamis Oriental and in the City of Iligan. These power plants were acquired from the City of Iligan by CHC on February 27, 2013. The lots on which the power plants of CHC are located were acquired by MPC from ALDEVINCO in November 21, 2013. The Sarangani Energy coal-fired power plants are located in Maasim, Sarangani Province.

The power assets were used as collateral in various loans, specifically: (1) CHC power plant and the real estate owned by MPC, were used as collateral for loans for the rehabilitation of the MPC power

plants; and (2) Sarangani Energy's real estate and coal-fired power plants are mortgaged to its various lender banks.

ALC, the Company's property development company, has properties in Batangas, Cabuyao in Laguna, and along Don Chino Roces Avenue (formerly Pasong Tamo Extension), Makati City. Its Batangas property currently has residential developments. In addition, ALC owns the property, including the improvement, Alsons Building, where the Company maintains its corporate headquarters.

The land development of Azuela Cove is located in Lanang Davao City.

All of these properties are in good condition.

**Table II – Property, Plant and Equipment (consolidated)**

(Amounts in Thousand PhP)	December 31, 2018	December 31, 2017
Main Engine of Power Plant Structures and Others	<b>₱19,183,589</b>	<b>₱19,168,223</b>
Plant Mechanical, Switchyard and Desulfurization Equipment	4,649,048	4,652,844
Land, Buildings and Leasehold Improvements	554,953	552,089
Machinery and Other equipment	915,938	726,586
Construction in Progress	12,425,398	7,430,822
<b>Total</b>	<b>37,728,927</b>	<b>32,530,564</b>
Less: Accumulated Depreciation and Amortization	(10,591,286)	(9,795,112)
<b>Net Book Value</b>	<b>₱27,137,641</b>	<b>₱22,735,452</b>

### Item 3. RISKS

Through prudent management and cautious investment decisions, ACR constantly strives to minimize risks that can weaken its financial position. However, certain risks are inherent to specific industries and are not within the direct control of the Company.

Some of the risks that the Company and its subsidiaries may be exposed to are the following:

#### 1. Foreign Exchange Rate Fluctuations

The Company's exposure is primarily associated with fluctuations in the value of the Peso against the U.S. Dollar and other foreign currencies. The spare parts and insurance of SPPC and WMPC are denominated in U.S. Dollars. The Company keeps a portion of its short-term investments in foreign currency to serve as a hedge in foreign exchange fluctuations.

#### 2. Interest Rate Risks

The Company's interest rate risk management policy centers on reducing overall interest expense and on minimizing other costs of borrowing. Changes in market interest rates would have material impact on the Company's interest-bearing obligations, specifically on those with floating interest rates.

ACR and its subsidiaries manage their interest rate risks by leveraging its debt portfolio and by optimizing a mix of fixed and variable interest rates. Other measures, are employed to avert risk

include pre-payment of debts and re-financing of loans. Moreover, utilization of existing credit facilities has been kept to a minimum.

### **3. Liquidity Risks**

The Company and its subsidiaries carefully manage their liquidity position to be able to finance their working capital, debt service and capital expenditure requirements. Sufficient levels of cash and short-term money market placements are maintained to meet maturing obligations. Management regularly monitors and forecasts its cash commitments, matches debt payments with cash generated from the assets being financed, and negotiates with creditors on possible restructuring or re-financing of existing loans to avail of better terms and conditions.

### **4. Credit Risks**

ACR and subsidiaries transact only with companies and institutions that are in a sound financial position and have demonstrated good credit standing. The power companies' receivables are from various electric cooperatives and the collection of which has been current and up to-date except for SPPC's long-outstanding receivable from NPC consisting of US\$7,336,536.91 and ₱96,255,433.46 plus interest from April 25, 2005 to April 25, 2010, which arose from a decision by the ERC that NPC has appealed to the Supreme Court. On November 23, 2016, the Supreme Court Second Division issued a resolution that denied NPC's motion for reconsideration with finality. On the other hand, Receivables of the property companies come from installment sales of industrial/residential lots and housing units. Receivable balances are monitored regularly and allowance provisions are reviewed to ensure limited exposure to bad debts.

Further discussion on the Company's financial risk management objectives and policies is contained in Note 31 of the Consolidated Financial Statements.

### **Item 4. LEGAL PROCEEDINGS**

Southern Philippines Power Corporation (SPPC) has a long-outstanding receivable that is disputed by NPC, which the parties brought to the Energy Regulation Commission (ERC) for arbitration. On June 3, 2013, ERC decided in favor of SPPC, and NPC appealed the ERC decision to the Court of Appeals (CA), which affirmed the ERC decision. On August 17, 2015, the CA denied NPC's motion for reconsideration and decided in favor of SPPC. On September 18, 2015, NPC petitioned the Supreme Court (SC) to review the ERC and CA decisions. On July 16, 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.

Some of the subsidiaries or affiliates of the Company are also from time to time involved in routine litigation as well as various legal actions incidental to their respective operations. However, in the opinion of the Company's management, none of these legal matters, in which its subsidiaries or affiliates are involved, will be material to the Company's financial condition and results of operations. Refer to Note 34 of the Consolidated Notes to Financial Statements attached to this report for detailed description.

## Item 5. SUBMISSION of MATTERS to a VOTE of SECURITY HOLDERS

During the calendar year covered by this report, no business matter was submitted to a vote of security holders through solicitation of proxies or otherwise.

## PART II - OPERATIONAL AND FINANCIAL INFORMATION

### Item 6. MARKET FOR REGISTRANT'S COMMON EQUITY and RELATED STOCKHOLDER MATTERS

#### 1. Market Information

All the common shares of the company are listed in the Philippine Stock Exchange.

The following are the high and low market prices of the Company's shares for the past three years:

**Table III – Market Price of ACR Shares**

**Table 1 – Market Price of ACR Shares**

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
2019	High Low	₱1.58 1.28			
2018	High Low	1.38 1.23	₱1.35 1.18	₱1.30 1.14	₱1.31 1.22
2017	High Low	1.59 1.23	1.94 1.35	1.48 1.35	1.43 1.34
2016	High Low	1.60 1.19	2.15 1.36	1.68 1.60	1.67 1.19

Stock Price as of April 8, 2019 was at ₱1.40 per share.

#### 2. Stockholders

As of December 31, 2018, ACR has 6,291,500,000 shares outstanding held by 463 stockholders, inclusive of the two (2) accounts under PCD Nominee Corporation. The list of the top twenty stockholders of the Company as recorded by Prime Stock Transfer Services, Inc., the Company's stock transfer agent, are as follows:

**Table 2 – Top Twenty (20) Stockholders**

	<u>Name</u>	<u>No. of Shares Held</u>	<u>% to Total</u>
1.	Alsons Corporation	2,592,524,072	41.21%
2.	Alsons Power Holdings Corp.	1,249,999,599	19.87%
3.	Alsons Development and Investment Corp.	1,188,524,026	18.89%
4.	PCD Nominee Corporation (Filipino)	1,147,422,476	18.23%
5.	PCD Nominee Corporation (Non-Filipino)	75,917,001	1.21%
6.	First Integrated Capital Securities, Inc.	6,027,574	0.09%
7.	SEC Account No. 2 fao various Customers of Guoco	2,090,000	0.03%

8. All Asia Capital Trust & Investment Division	1,830,000	0.03%
9. EBC Securities Corporation	1,030,000	0.02%
10. Crisostomo, Emily A.	1,000,000	0.02%
10. Cruz, Felipe Jr. A.	1,000,000	0.02%
10. Nora T. Go	1,000,000	0.02%
11. First Integrated Capital Securities, Inc. (555300)	900,000	0.01%
21. First Integrated Capital Securities, Inc. (555200)	795,000	0.01%
13. Ansaldo, Godinez & Co., Inc.	755,000	0.01%
14. George Go	750,010	0.01%
15. AACTC FAO Trinity Investment	680,000	0.01%
16. Esteban Yau	600,000	0.01%
17. Roy C. Tia	513,000	0.01%
18. S. J. Roxas & Co., Inc.	507,000	0.01%
19. Antonio Co	500,000	0.01%
19. Mendoza, Marites &/or Alberto Mendoza	500,000	0.01%
19. Roqueza, Ricardo S.	500,000	0.01%
19. San Jose, Roberto V.	500,000	0.01%
19. Vega, Luis &/or Eliseo C. Ocampo, Jr.	500,000	0.01%
20. Mendoza Albert G. &/or Jeannie C. Mendoza	450,000	0.01%
<b>Total shares of top 20</b>	<b>6,276,814,758</b>	<b>99.76%</b>

### 3. Dividends

Declaration of dividends is subject to approval by the Board of Directors.

The historical dividend declarations are follows:

Year	Date of Declaration	Amount	Per Share	Date of Record	Date of Payment
2018	May 24, 2018	₱230,894,000	₱0.036	June 30, 2018	July 25, 2018
2017	May 25, 2017	100,664,000	0.016	June 30, 2017	July 25, 2017
2016	May 27, 2016	100,664,000	0.016	June 30, 2016	July 25, 2016
2016	May 27, 2016	4,400,000	0.0008	June 30, 2016	July 25, 2016

Dividends on preferred shares amounting to ₱4 million in 2018, 2017 and 2016 were applied against the Company's subscriptions receivable from Alsons Corporation.

Management continuously endeavors to increase ACR's share value through new projects and expansion programs while at the same time provide yearly dividends to its shareholders. On June 8, 2011, the Board of Directors adopted a dividend policy of annually declaring dividends from 20% of the previous year's un-appropriated retained earnings.

### 4. Sales of Unregistered Securities Within the Last Two (2) Years

There are no other securities sold for cash by the Company within the last two (2) years that were not registered under the Securities Regulation Code.

## Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

### REVIEW OF CURRENT YEAR 2018 vs. 2017 OPERATIONS

Highlights of the Company's financial performance are as follows:

#### 1. Revenues and Profitability

ACR and Subsidiaries posted a slight increase in its consolidated revenues during the year at ₱6,666 million, a 2% improvement from the ₱6,519 million reported in the previous year. This improvement was due mainly to Sarangani Energy Section 1 operations.

Cost of services also increased by 2% at ₱4,673 million from ₱4,574 million in 2016. The increase was due mainly to the higher energy dispatched of SEC 1 generating 521,304 megawatts of power from last years' 489,029 megawatts due to higher utilization this year.

General and administrative expenses decreased by 13% at ₱487 million from ₱562 million in 2017. The decline was due to one time expenses recognized by SEC 1 in 2017 for prior year's administrative charges. Operating profit also improved 9% at ₱1,499 million from ₱1,374 million reported in the previous year.

Earnings before interest, taxes, depreciation and amortization (EBITDA) improved from ₱2,363 million to ₱2,695 million this year. The EBITDA margin is higher at 40% this year versus the 36% earned in 2017.

Meanwhile, finance charges slightly decreased by 1% from ₱1,200 million to ₱1,186 million. The partial pre-payment by ACR Parent debt in April 2018 amounting to ₱1 billion, caused the slight decrease in interest expense. The interest incurred for SEC 2 was capitalized as part of project cost.

On the other hand, the Company realized an other income of ₱326 million from ₱70 million in 2017. The Company recognized a dividend from its investment in preferred shares amounting to ₱264 million and equity in net earnings from an associate of ₱33 million during the year.

As a result of the foregoing, the consolidated net income jumped 444% from last year's ₱103 million to ₱563 million. The income attributable to Parent is turnaround from a loss of ₱21 million in the previous year to an income of ₱94 million this year and posting an earnings per share of ₱0.015 from (₱0.004) last year.

#### 2. Financial Position

As of December 31, 2018, total resources of ACR and Subsidiaries remained strong at ₱43,492 million, increased by 14% versus the ₱38,237 million level reported in 2017.

Current assets posted a 4% decrease, from ₱9,257 million to ₱8,904 million. The decrease came largely from the use of cash and cash equivalents for the construction of SEC 2 and partial prepayment of the Company's Fixed Rate Corporate Note (FXCN). Noncurrent assets rose by 19%, mostly on the capital expenditures incurred for the completion of the second phase of Sarangani Energy's power plant and the contract asset resulting from the application of Philippine Financial Reporting Standards 15 wherein revenues of Sarangani Energy should be recognized

over time based on contract period (straight-line basis). The details of this are disclosed in our Notes to Financial Statements.

Current liabilities also increased by 12% from ₱5,590 million to ₱6,280 million, largely on account of higher accounts payable and accrued expenses. Noncurrent liabilities increase by 20%, due to the additional drawdown of project loan for the second phase of Sarangani Energy's power plant.

ACR's balance sheet remained strong with a current ratio at 1.42:1 in 2018 versus the 1.66:1 level in 2017, while its its debt-to-equity ratio increased at 2.03:1 from 1.79:1, due to availment of additional debts for SEC 2 power plant.

Net cash inflows from operating activities remain stable and continue to be the source of payment of maturing obligations and trade payables. Net cash used for investing activities increased significantly from ₱1,050 million to ₱5,212 million this year due mainly to the construction of SEC 2. Together with net cash inflows from financing activities amounting to ₱1,738 million, largely from loan availments, available funds totaled ₱11,117 million in 2018, from which ₱5,534 were used for power plant project construction during the year. The net cash balance after accounting for the above changes reached ₱3,475 million, 21% lower than the ₱4,384 million in the previous year.

### 3. Key Performance Indicators (KPI)

The Company's operations for the year ended December 31, 2018 showed stable gross income at ₱1,498 million compared to last year's ₱3,74 million. KPI of the Company are as follows: (Amounts in million pesos, except ratios).

**Table 3 – Comparative KPIs (2018 Vs. 2017)**

Financial KPI	Definition	Calendar Year	
		2018	2017
<b>Profitability</b>			
Revenues		₱6,666	₱6,519
EBITDA		₱2,695	₱2,325
EBITDA Margin	EBITDA ÷ Net Sales	40%	36%
Return on Equity	Net Income ÷ Total Stockholders' Equity	4%	1%
<b>Net Earnings Attributable To Equity Holders</b>		₱94	(₱21)
<b>Efficiency</b>			
Operating Expense Ratio	Operating Expenses ÷ Gross Operating Income	32%	41%
<b>Liquidity</b>			
Net Debt Coverage	Cash Flow from Operating Activities ÷ Net Financial Debt	20%	15%

Debt-To-Equity Ratio		1.94:1	1.74:1
Current Ratio	Current Assets ÷ Current Liabilities	1.42:1	1.66:1

### Profitability

The earnings before interest, taxes, depreciation and amortization (EBITDA) of the Company increased from ₦2,325 million to ₦2,695 million in 2018 due mainly to higher utilization of SEC 1. EBITDA Margin was also up from 36% in the previous year to 40% this year as a result of higher income.

Return on equity (ROE) was also up from last year's 1% to 4% this year while the net income attributable to the equity holders of the parent was a turnaround at ₦94 million from a loss of ₦21 million in 2017. The loss in 2017 was attributable to the higher finance charges availed for the project loan of SEC 1 and the lower performance of the diesel plants. The Company is currently exploring opportunities on how its diesel assets are best utilized.

### Efficiency

The Company's operating expense ratio decreased to 32% in 2018 from 41% in 2017. The last year's recognition of a non-recurring administrative cost resulted to a higher general and administrative expenses in 2017.

### Liquidity

As a result of additional project loan for the construction of Sarangani 2 during the year, financial debt increased by 18%. Consequently, net debt coverage decreased to 20% from last year's 15%. Current ratio on the other hand decreased to 1.42:1 from last year's 1.66:1 due largely to the higher accounts payable and accrued expenses in 2018.

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

- 1. Revenues.** Revenue is the amount of money that the Company and its subsidiaries receive arising from their business activities and is presented in the top line of the consolidated 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 that 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 sound investment decisions.
- 2. EBITDA.** The Company computes EBITDA as earnings before extra-ordinary 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, 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 consolidated statements of income. 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.

### Significant Disclosures

Please refer to **Annex D** of this report for the significant disclosures made by the Company during the year. Other than those mentioned in Annex D and the disclosures made by the Company in its Audited Consolidated Financial Statements, it is not aware of the following:

1. Unusual items that materially affect the Company's assets, liabilities, equity, net income or cash flows because of their nature, size or incidence;
2. Issuance and repurchase of equity securities;
3. Segment revenues and segment results for business segments and geographical segments;
4. Changes in contingent liabilities or contingent assets since the annual balance sheet date;
5. Existence of material contingencies and other transaction events that are material to an understanding of the current period;
6. Known trends, commitments, events and uncertainties that will result in or likely to decrease its liquidity in a material way. ACR does not anticipate having, within the next twelve (12) months, any cash flow or liquidity problem nor does it anticipate any default or breach of any of its existing notes, loans, other indebtedness or financial arrangements requiring it to make payments. With the improvement in the Company's operating performance, ACR expects to meet all financial loan covenants for the next interim period;
7. Events that will trigger direct or contingent material financial obligations to the Company;
8. Material off-balance sheet transactions, arrangements, obligations (direct or contingent), and other relationships of the Company with unconsolidated entities or other persons created during the year;
9. Known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable impact on net sales, revenues, net income from continuing operations;
10. Significant elements of income or loss that did not arise from the Company's continuing operations;
11. Material events subsequent to the end of the reporting period that have not been reflected in the consolidated financial statements;

12. Material changes in the composition of the Company, including any business combination, acquisition or disposal of subsidiaries and long-term investments and discontinuing operations.

### Notes to Consolidated Financial Statements

#### *Accounting Policies and Principles*

The consolidated financial statements of ACR and its Subsidiaries for the years ended December 31, 2018 and 2017 are presented in accordance with Philippine Financial Reporting Standards (PFRS) applied on a consistent basis.

#### *Seasonality Aspects of the Business*

The operations of ACR and its subsidiaries were not affected by seasonality or cyclical.

#### **Material Changes in Consolidated Balance Sheet Accounts by 5% or More**

##### 1. Cash and cash equivalents, 21% Decrease

The decrease in cash and cash equivalents (2018: ₱3,474 million vs. 2017: ₱4,384 million) was due to the usage of cash for partial pre-payment of Parent Company's long-term debt in April 2018.

##### 2. Trade and other receivables, 4% Increase

The increase was due to the timing of collection of trade receivables during the year..

##### 3. Prepaid expenses and other current assets, 59% Increase

The increase was due to the higher interest reserve account of Sarangani Energy Corporataion required for its loan facility used for the construction of SEC 2.

##### 4. Advances to Constructors, 100% Increase

The increase was advances for the upgrade of transmission Line for SEC 2. The advances will be applied against future future payments.

##### 5. Property, plant and equipment, 19% Increase

The increase in is due mainly to expenditures incurred for the construction of SEC 2 power plant.

##### 6. Equity instruments designated through fair value other than comprehensive income, 100% Increase

The increase is a change in classification from AFS financial assets in 2017 to the above account in compliance with Accounting Standards.

##### 7. Contract Asset, 100% Increase

The Contract asset represents asset recognized though 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.

8. Deferred Tax Assets, 22% Increase

The increase is due largely to the deferred tax impact of the recognized contract assets.

9. Other Noncurrent Assets, 18% Increase.

The increase was due to the additional deferred project expenses recognized by SRPI and Siguil projects.

10. Accounts payable and other current liabilities, 25% Increase

The increase was due mainly to the unpaid dividend declared by Sarangani Energy in 2018 payable in 2019.

11. Loans payable, 64% Decrease

The decrease was due the settlements of short-term working capital facility of ACR Parent, SPPC and WMPC during the year.

12. Short-term Notes Payable, 100% Increase.

The short-term notes payable represents ₱ 100 million negotiable commercial paper registered with the Securities and Exchange Commission of the Company, which security is listed in the Philippine Dealing System (PDEx). The fist issuance is part of the first tranche of ₱ 1.5 billion of commercial paper.

13. Income tax payable, 50% Decrease

The decrease was due to the lower taxable income earned during the year.

14. Current Portion of Long-term Debt, 34% Increase  
Long-term debt-net of Current Portion, 21% Increase

The increase in long-term debt was due to additional loan drawdown for the construction of SEC 2 Power Plant. While the maturing principal of the project loan availed for SEC 1 caused the 34% increase in current portion of long-term debt.

15. Deferred Tax Liabilities, 15% Increase

The incline in deferred tax liabilities was due to the increase capitalized intrest of the SEC 2 Power Plant which is under construction during the year.

## REVIEW OF 2017 vs. 2016 OPERATIONS

### 1. Revenues and Profitability

ACR and Subsidiaries posted a decline on in its consolidated revenues during the year at ₦6,518 million, an 8% down from the ₦7,107 million reported in the previous year. This decline was due mainly to the one time recognition of gain on loss and damages charged to the EPC contractor of SEC 1 and the lower energy dispatch of the diesel plants brought about by the lower contracted capacity and energy sales.

Cost of services registered 2% decline at ₦4,611 million from ₦4,679 million 2016. The decline was due mainly to the lower energy dispatched of the 3 diesel plants namely; SPPC, WMPC and MPC. The full operations of SEC 1 posted an increase in cost of services from ₦1,934 million in 2016 to ₦2,904 million this year.

Due to the one time gain recognized by SEC in 2016, the gross profit declined by 20% from ₦2,422 million in 2016 to ₦1,935 million this year.

General and administrative expenses increased by 6% at ₦562 million in 2017 from ₦531 million in 2016. The increase is attributable to SEC 1 expenses which now in full year commercial operations. Operating profit also declined 27% at ₦1,373 million from ₦1,892 million reported in the previous year.

Earnings before interest, taxes, depreciation and amortization (EBITDA) slightly decreased from ₦2,698 million to ₦2,327 million this year. The last year income includes one time gain due to construction penalties charged to SEC 1 EPC contractor. The EBITDA margin is slightly lower at 35% this year versus the 38% earned in 2016.

Meanwhile, finance charges increased by 39% from ₦865 million to ₦1,200 million. The interest expense incurred on the project loan to complete the first phase of the Sarangani Energy plant is now fully recognized as an expense after the project was completed and commenced operations. Last year, the interest was capitalized until April 2016 as part of project cost.

On the other hand, the Company realized a net other income of ₦70 million from a net other charges of ₦155 million in 2016. The Company realized a gain when its investment in Duta, Inc. was divested this year. The net other charges in 2016 was due to the recognized impairment loss of ₦245 million on goodwill which was partly negated by the income from insurance claim SPPC during that year amounting to ₦70 million.

As a result of the foregoing, the consolidated net income declined 84% from last year's ₦636 million to ₦103 million. The income attributable to Parent posted a loss of ₦21 million this year compared to the income of ₦317 million in 2016 posting an earning per share of (₦0.004) from ₦0.050 last year.

### 2. Financial Position

As of December 31, 2017, total resources of ACR and Subsidiaries remained strong at ₦38,242 million, increased by 20% versus the ₦30,166 million level reported in 2016.

Current assets increased 32%, from ₦6,084 million to ₦9,257 million. The increase came largely from the cash and cash equivalents representing proceeds of the partial divestment of investment

in ATEC and a deposit in interest reserve account on the Fixed Rate Corporate Note (FXCN) of the Parent Company. Noncurrent assets also rose by 17%, representing capital expenditures incurred for the construction of the second phase of Sarangani Energy's power plant and the additional deferred project cost incurred for SRPI during the year.

Current liabilities also increased by 103% from ₱2,910 million to ₱5,619 million, largely on account of higher current portion of long-term debt and accounts payable and accrued expenses and half of the advances of related party advances of ATEC assigned to Global Business Power Corp. Noncurrent liabilities increase by 8%, due to the additional drawdown of project loan for the second phase of Sarangani Energy's power plant.

ACR's balance sheet remained strong with a current ratio at 1.65:1 in 2017 versus the 2.09:1 level in 2016, while its its debt-to-equity ratio increased at 2.21:1 from 2.03:1, due to availment of additional debts.

Net cash inflows from operating activities remain stable at ₱3,956 million, 15% down from last year's ₱2,382 million. The additional payment of prepaid expenses resulted to the decline in cash from operations this year. Net cash used for investing activities was down by 29% from ₱2,809 million to ₱5,052 million this year due mainly to the collection of advances from related parties. Together with net cash inflows from financing activities amounting to ₱3,426 million, largely from loan availments, available funds totaled ₱1,972 million in 2017, from which ₱4,023 were used for power plant project construction during the year. The net cash balance after accounting for the above changes reached ₱4,384 million, 114% higher than the ₱2,051 million in the previous year.

### **Key Performance Indicators (KPI)**

The Company's operations for the year ended December 31, 2017 showed stable gross income at ₱1,374 million compared to last year's ₱1,191 million excluding the one-time gain on recoveries of foregone revenue of ₱701 million. KPI of the Company are as follows: (Amounts in million pesos, except ratios).

**Table 4 – Comparative KPIs (2017 Vs. 2016)**

<b>Financial KPI</b>	<b>Definition</b>	<b>Calendar Year</b>	
		2017	2016
<b>Profitability</b>			
Revenues		₱6,519	₱7,107
EBITDA		₱2,325	₱2,698
EBITDA Margin	EBITDA ÷ Net Sales	36%	38%
Return on Equity	Net Income ÷ Total Average Stockholders' Equity	1%	6%
<b>Net Earnings Attributable To Equity Holders</b>		(₱21)	₱317
<b>Efficiency</b>			
Operating Expense Ratio	Operating Expenses ÷ Gross Operating Income	41%	28%
<b>Liquidity</b>			
Net Debt Coverage	Cash Flow from Operating Activities ÷ Net Financial Debt	15%	13%
Debt-To-Equity Ratio		1.74:1	1.96:1
Current Ratio	Current Assets ÷ Current Liabilities	1.65:1	2.09:1

### **Profitability**

The earnings before interest, taxes, depreciation and amortization (EBITDA) of the Company decreased from ₱2,698 million to ₱2,327 million in 2017 due mainly to lower revenues earned from the diesel plants during the year as a result of lower contracted capacities of WMPC and MPC, as a consequence EBITDA Margin was down from 38% in the previous year to 36% this year.

Return on equity (ROE) was also down from last year's 6% to 1% this year while the net income attributable to the equity holders of the parent was a loss of ₱21 million from an income of ₱317 million in 2016. The loss was attributable to the higher finance charges availed for the project loan of SEC 1 and the lower performance of the diesel plants during the year.

### **Efficiency**

The Company's operating expense ratio increased to 31% in 2017 from 28% in 2016. The increase was due mainly to the higher operating expense contributed by Sarangani's full year of operation against the 8 months operations in the previous year.

## **Liquidity**

As a result of additional project loan drawdowns for the construction of Sarangani 2 during the year, financial debt increased by 11%. Consequently, net debt coverage increased to 15% from last year's 13%. Current ratio on the other hand decreased to 1.65:1 from last year's 2.09:1 due largely to the higher accounts payable and accrued expenses in 2017.

## **Notes to Consolidated Financial Statements**

### *Accounting Policies and Principles*

The consolidated financial statements of ACR for the years ended December 31, 2017 and 2016 are presented in accordance with PFRS applied on a consistent basis.

### *Seasonality Aspects of the Business*

The operations of ACR and its subsidiaries were not affected by seasonality or cyclicalities.

### **Material Changes in Consolidated Balance Sheet Accounts by 5% or More**

#### **1. Cash and cash equivalents, 113% Increase**

The increase in cash and cash equivalents (2017: ₱4,384 million vs. 2016: ₱2,051 million) was principally due to the proceeds of the partial divestment of investment in ATEC which was sold to Global Business Power Corp. on November 27, 2017 and remain unused during the year.

#### **2. Short-term cash investments, 347% Increase**

Short-term cash investments increased (2017 ₱258 million vs. 2016: ₱58 million) due to the additional placements made during the year.

#### **3. Trade and other receivables, 20% Decrease**

The decrease was due to the collection of trade receivables during the year..

#### **4. Spare parts and supplies, 5% Increase**

The build-up consisted mainly of the purchase coal and spare parts for Sarangani during the year.

#### **5. Prepaid expenses and other current assets, 33% Increase**

The increase is due to the higher interest reserve account of the Parent as required by the Corporate Fixed Facility issued during the year as well as the project loan availed by Sarangani Energy Corporation for the construction of SEC 2.

#### **6. Property, plant and equipment, 22% Increase**

The growth is due mainly to expenditures incurred for the construction of the second phase of Sarangani Energy's power plant.

**7. Deferred Tax Assets, 17% Increase**

The Increase is due largely to the deferred tax impact of the accrued decommissioning liability and impairment losses.

**8. Other Noncurrent Assets, 13% Increase.**

The increase was due to the additional deferred project expenses for SRPI and Sigui projects.

**9. Accounts payable and other current liabilities, 137% Increase**

The increase was due mainly to the assignment of the 50% ATEC's to GBP amounting to ₦1.8 billion and accrued interest on loans during the year.

**10. Loans payable, 46% Increase**

The increase was due the availments of short-term working capital facility of SPPC and WMPC during the year.

**11. Income tax payable, 67% Decrease**

The decrease was due to the lower taxable income earned during the year.

**12. Current Portion of Long-term Debt, 47% Increase**

**Long-term debt-net of Current Portion, 9% Increase**

The increase in long-term debt was due to additional loan drawdown for the construction of SEC 2 Power Plant. While the maturing principal of the project loan availed for SEC 1 caused the 47% increase in current portion of long-term debt.

**13. Deferred Tax Liabilities, 6% Increase**

The incline in deferred tax liabilities was due to the increase capitalized interest of the SEC 2 Power Plant which is under construction during the year.

**Item 8. FINANCIAL STATEMENTS**

The consolidated financial statements and schedules listed in the accompanying Index to Financial Statements and Supplementary Schedules are filed as part of this Form 17-A.

**Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

1. SyCip Gorres Velayo & Co. (SGV) is the Company's external auditors for the last three fiscal years. SGV has not expressed any intention to resign as the Company's principal public accountant nor has it indicated any hesitance to accept re-election after the completion of their last audit.
2. In compliance with SEC Memorandum Circular No. 8, Series of 2003 on the rotation of external auditors, SGV's previous engagement partner was replaced in 2014.

3. Fees for the years ended December 31, 2018 and 2017 were ₱582,200 for each year. The above fees are for the audit of the Company's annual financial statements or services normally provided in connection with statutory and regulatory filings or engagements for 2018 and 2017. The fees and services were approved by the Audit, Risk Oversight, and Related Party Transaction Committee (Audit Committee) in compliance with the Code of Corporate Governance for Publicly Listed Companies.

The other fees billed by SGV pertain to an engagement of SGV in 2018 to conduct a tax seminar exclusively for the Group on the Tax Reform for Acceleration and Inclusion (TRAIN). For this separate engagement, SGV billed the Company ₱112,000 as professional fee, inclusive of any applicable taxes.

4. There have been no disagreements with SGV on accounting principles or practices, financial statements disclosures, auditing scope or procedures, which disagreements, if not resolved to their satisfaction, would have caused them to make reference thereto in its respective reports on the Company's financial statements for the abovementioned years.

### **PART III - CONTROL AND COMPENSATION INFORMATION**

#### **Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT**

##### **1. Board of Directors and Executive Officers**

###### **a. The Board of Directors**

The Company's Board of Directors is responsible for the overall management and direction of the Company. The Board meets regularly or as often as required, to review and monitor the Company's financial position and operations. Each Board member serves for a term of one year or until his successor is duly elected and qualified.

The following are the directors and officers of the Company and their business experience for the last five years:

**Table V- Board of Directors**

Office	Name	Nationality
Director, President, Chairman of the Board	Tomas I. Alcantara	Filipino
Director and Treasurer	Editha I. Alcantara	Filipino
Director, Executive Vice President, Chief Operating Officer	Tirso G. Santillan, Jr.	Filipino
Director	Alejandro I. Alcantara	Filipino
Director	Ramon T. Diokno	Filipino
Director	Arturo B. Diago, Jr.	Filipino
Director	Conrado C. Alcantara	Filipino
Independent Director	Jacinto C. Gavino, Jr.	Filipino
Independent Director	Jose Ben R. Laraya	Filipino
Director	Honorio A. Poblador III	Filipino
Independent Director	Thomas G. Aquino	Filipino

**Tomas I. Alcantara**, 72, Filipino, became the Chairman of the Board of Directors and the President of the Company in August 2001. He holds a Bachelor of Science degree in Economics from the Ateneo de Manila University and a Masters in Business Administration

(MBA) from Columbia University, and he attended the Advanced Management Program of the Harvard Business School. He is presently the Chairman of the Board of Directors and President of Alsons Development & Investment Corporation and Sarangani Agricultural Company, Inc., and other companies in the Alcantara Group (since August 2001).

Mr. Alcantara is also the Chairman of the Alsons Adtx Information Systems, Inc. (since August 2001). He is a Trustee of the European IT Service Center Foundation (since August 2002) and of the Foundation for Revenue Enhancement (August 2004). He has been a Director of Holcim Philippines, Inc. since July 2003, Philweb Corporation (May 2002) and DBP-Daiwa Capital Markets Phils., Inc. (July 1995).

Mr. Alcantara served as Undersecretary for the Industry & Investment Group of the Department of Trade and Industry, the Vice Chairman and Managing Head of the Board of Investments from July 1986 to March 1995, and the Special Envoy of the Philippine President to Asia Pacific Economic Cooperation forum in 1996. He was also the Chairman of the Board of Directors and the President of Holcim Manufacturing Corporation (formerly Alsons Cement Corporation) from May 1997 to July 2003 and has served as a Director of that company since 1997. He was a Member of the Advisory Board of Rizal Commercial Banking Corporation (RCBC) from April 1997 to June 2007. Mr. Alcantara served as a Director of Philippine Reclamation Authority (formerly Public Estate Authority) from 2003 to April 2006 and Chairman of the Manila Economic & Cultural Office from March 2001 to August 2010.

**Editha I. Alcantara**, 70, Filipino, has served as Director of the Company since March 8, 1995. She holds a Business Administration degree from Maryknoll College and an MBA from Boston College. Ms. Alcantara became the President of C. Alcantara and Sons, Inc. in 1992 after serving as the Treasurer of that company. Presently, she is a Director (since 1980) and the Treasurer (since October 2000) of other companies in the Alcantara Group.

She is also a Director of the Philippine Wood Producers Association (since May 16, 1980), and has served as a Trustee for the Philippine Business for the Environment, Inc. since July 1995 and as a Trustee of Miriam College since December 1998.

**Tirso G. Santillan Jr.**, 75, Filipino, became a Director of the Company in June 11, 1996. He has also been the Executive Vice-President since April 27, 1995. He holds a Bachelor of Arts degree in Engineering and a Masters in Business Management degree from the Ateneo de Manila University.

Presently, he heads the Power Business Unit of the Alcantara Group. He has been the Executive Vice-President of Alto Power Management Corporation since January 1996, Conal Holdings Corporation since June 1997, Southern Philippines Power Corporation and Western Mindanao Power Corporation since March 1996. He is also a Director of Sarangani Agricultural Co., Inc. since May 2002.

Additionally, he has been the Managing Partner of Private Capital of Asia Ltd. since June 1991. Mr. Santillan worked with the First Pacific Group from February 1987 to May 1991.

**Alejandro I. Alcantara**, 64, Filipino, has served as a Director of the Company since July 2003. He graduated from the Ateneo de Davao with a degree in Economics. Mr. Alcantara has been a Director and the President of Aquasur Resources Corporation since 1993 and has served in the same capacity with Finfish Hatcheries, Inc. since 1995. He has also served as

the Executive Vice President & General Manager of Sarangani Agriculture Company, Inc. since 1986 and of Alsons Aquaculture Corporation since 1998. He also became a Director of other companies in the Alcantara Group in 1986. Mr. Alcantara also served as a Director and the Treasurer of the Federation of Cattle Raisers Association of the Philippines from 1997 to December 2009.

**Ramon T. Diokno**, 71, Filipino, rejoined the Company as a Director in March 18, 2009. Previously, he served the Company as a Director from June 19, 2002 to June 29, 2006 and as its Chief Financial Officer from January 16, 2001 to June 30, 2006. He holds an Economics and Accountancy degree from the De La Salle University and a Masters of Science in Management degree from the Massachusetts Institute of Technology.

Mr. Diokno is also the Chief Financial Officer of Lepanto Consolidated Mining Co and its wholly-owned subsidiaries. He is currently also a Director of Alsons Insurance Brokers Corporation.

**Conrado C. Alcantara**, 46, Filipino, has served as Director of the Company since November 2010. He graduated from the Boston University with a degree in Political Science and attended a Post Baccalaureate Program in Management at Harvard University. He presently serves as a Director and President of Infinicor, Inc. He also became a Director of C. Alcantara & Sons, Inc. in July 2006 and of Alsons Land Corporation in July 2009.

**Jacinto C. Gavino**, Jr., 69, Filipino, has served as Independent Director of the Company since May 2005. He has been a full-time Faculty of the Asian Institute of Management (AIM) since 1990 and he presently holds the Fr. James F. Donelan, SJ, Professorial Chair in Business Ethics. He is on the core faculty of the Washington SyCip Graduate School of Business (WSGSB). He was also the Associate Dean of the Master in Management Program from 1993 to 1995, and Associate Dean for Research from 1995 to 1999.

He is currently a Director of Productronica Holdings, Inc. (2003), Aurotech Corporation (2000), Green Chemicals Corporation (2006), RNuable Energy Corporation (2011) and Sarangani Agricultural Co., Inc. (2005). He also serves as a Trustee of Fundacion Santiago (2002) and the Center for Family Ministries at the Loyola School of Theology (2006). He also does consultancy work for various businesses and non-profit organizations.

Professor Gavino holds a Bachelor of Science degree in Electrical Engineering from the University of the Philippines (1971), a Master in Business Administration degree from the Ateneo de Manila University (1984), and a Doctorate in Public Administration from the University of the Philippines (1993). He also taught in the Ateneo de Manila University, Maryknoll College, and the University of the Philippines.

**Jose Ben R. Laraya**, 79, Filipino, has served as Independent Director of the Company since March 1995. He holds a Commerce degree from De La Salle College and an MBA from the University of the Philippines. He also attended the Advanced Management Program at Harvard Business School. Currently, he serves as Chairman of the Board of Directors of Ultrex Management & Investments Corporation (1992) and Laraya Holdings, Inc. (2007). He also serves as President of Trully Natural Food Corporation (2004), and a Director of La Frutera, Inc. (1997).

Previously, he served as Vice-Chairman of Philcom Corporation from October 1996 to February 1999, President of National Steel Corporation from September 1980 to February 1989, Dole Asia from February 1989 to June 1992, and APC Group, Inc. from September 1995 to February 1999.

**Honorio A. Poblador III**, 73, Filipino, has served as a Director of the Company since March 8, 1995. He holds a Political Science degree from the Ateneo de Manila University. Currently, he serves as Chairman of the Board of Directors of Asuncion Realty Corporation (since 1995), Chairman of the Board of Directors and President of Asmaco, Inc. and President of Asian Aesthetic Excellence, Inc. and Mayriad Human Resources and Services, Inc.

He is also a Director of Philippine Communications Satellite Corporation, Philippine Overseas Telecommunications Corporation, and Elnor Investment Corp. (since 1983), Philcomsat Holdings Corporation (1998), the Philodrill Corporation (1997), F & C Realty Corporation and POB Corporation (2003).

**Dr. Thomas G. Aquino**, 70, Filipino, became an Independent Director of the Company in May 20, 2011. He is a Senior Fellow at the Center for Research and Communication of the University of Asia and the Pacific (UA&P). He was formerly the Senior Undersecretary of Philippine Department of Trade and Industry. He supervised the country's foreign trade promotions, trade negotiations under World Trade Organization & the ASEAN Free Trade Agreements as well as bilateral trade talks with the country's major economic trading nations. He served as overall lead negotiator for the country's first free trade agreement, namely the Philippines-Japan Economic Partnership Agreement and was country representative to the High Level Task Force on ASEAN Economic Integration. For public service, Dr. Aquino was conferred the Presidential Service Award (or Lingkod Bayan) for extraordinary contribution of national impact on public interest, security and patrimony and was recipient of the Gawad Mabini Award with the rank of Grand Cross (or Dakilang Kamanong) for distinguished service to the country both at home and abroad by the President of the Republic of the Philippines.

Before entering public service, Dr. Aquino held important roles in the fields of economics and business in the private sector as Vice President for Business Economics and Director of the Strategic Business Economics Program of UA&P. He returned to private practice as strategy consultant to companies and economic policy adviser to government entities. He is the Chairman of NOW Corporation and Independent Director of A Brown Company, both publicly listed at the Philippine Stock Exchange. He obtained his Doctorate in Management from IESE Business School, University of Navarre (Spain) in 1980, an MS in Industrial Economics from presently the University of Asia and the Pacific in 1972 and an AB in Economics from the School of Economics, University of the Philippines in 1970.

He obtained a Doctorate in Management from IESE Business School, University of Navarre (Spain) in 1980, an MS in Industrial Economics from presently the University of Asia and the Pacific in 1972 and an AB in Economics from the School of Economics, University of the Philippines in 1970.

**Arturo B. Diago, Jr.** 67, Filipino, became a director of the Company in August 2017 after the resignation of Mr. Nicasio I. Alcantara in July 2017. Mr. Diago has been the Treasurer of Cyan Management Corporation since 1988, Teleperformance, Inc. since 1996, Lacturan Holdings, Inc. since 1997, Mantrade Development Corporation since 2003 and Canlubang

Golf Corporation since 2007. Mr. Diago has been the Vice-President-Comptroller of MG Exeo Network, Inc. since 1991. He has been an Executive Vice President and Treasurer of Directories Philippines Corporation since 1989. He served as the Chief Officer for Administrative and Corporate Service of Pilipino Telephone Corporation until December 31, 2000. Mr. Diago served as the President of Lodestar Investment Holdings Corp. since May 2006. He held various positions in the Alcantara Group of Companies involved in manufacturing, marketing and shipping operations. He has been the Vice Chairman of Asian Media Development Group, Inc. since 2003. Mr. Diago serves as a Director of Directories Philippines Corporation and MG Exeo Network Inc., among other corporations. He has been a Director of Alsons Consolidated Resources, Inc. since August 24, 2017. He serves as a Director of Cebuana Lhuillier Bank, Cybersoft Information Technology, Inc., 911 Alarm, Inc. and Vinnell Belvoir Corp. He served as a Director of Lodestar Investment Holdings Corp. from March 10, 2006 to December 2007 and its Globalport 900, Inc. (a/k/a MIC Holdings Corp.). Mr. Diago served as a Director of PLDT Communications and Energy Ventures, Inc. (Former Name: Pilipino Telephone Corporation) from April 24, 1991 to May 9, 2011. He obtained his Master's Degree in Business Management from the Asian Institute of Management and his Bachelor of Science Degree in Commerce from the De La Salle University. He also attended the Strategic Business Economics Program of the Center for Research and Communication (now University of Asia and the Pacific).

#### b. The Executive Officers

The following Company executive officers do not own more than 2% of ACR:

**Table VI – Executive Officers**

Office	Name	Nationality
Director, President, Chairman of the Board	Tomas I. Alcantara	Filipino
Director and Treasurer	Editha I. Alcantara	Filipino
Director, Executive Vice President, Chief Operating Officer	Tirso G. Santillan, Jr.	Filipino
Chief Financial Officer	Robert F. Yenko	Filipino
Corporate Secretary	Roberto V. San Jose	Filipino
Assistant Corporate Secretary	Angel M. Esguerra III	Filipino

**Robert F. Yenko**, 58 Filipino, became the Company's Chief Financial Officer on January 25, 2017. He previously served as Regional Treasurer and Finance Director of Intel Singapore for 25 years. He obtained his BS Management degree from the Ateneo de Manila University in 1981, and his MBA at the University of the Philippines in 1991. He also currently serves as the Vice-President for Finance and Administration of the Power Business Unit of the Alcantara Group..

**Roberto V. San Jose**, 77, Filipino, has been the Corporate Secretary of the Company since June 1991. He received his Bachelor of Arts degree from De La Salle University and his law degree from the University of the Philippines. He is a member of the Philippine Bar and a Consultant of the Castillo Laman Tan Pantaleon and San Jose Law Offices. In addition to serving as Corporate Secretary for the Company, he serves as Director, Officer and/or Corporate Secretary of Anglo Philippine Holdings Corp., CP Equities Corporation, Atlas Resources Management Group, MAA Consultants, Inc. and several other companies. He is also the Corporate Secretary of Premiere Horizon Alliance Corporation, Marc Ventures Holdings, Inc., Solid Group Inc., United Paragon Mining Corporation, FMF Development Corporation, Beneficial Life Insurance Co., Inc., The Metropolitan Club, Inc., and other client corporations of the Castillo Laman Tan Pantaleon and San Jose Law Firm.

**Angel M. Esguerra III**, 57, Filipino, was appointed as the Assistant Corporate Secretary of the Company on August 10, 2010. He is a member of the Philippine bar and obtained his Bachelor of Arts degree in Economics and his Law degree from the University of the Philippines. Mr. Esguerra practiced with several firms then joined a trans-national energy company with power plants in the Asia-Pacific Region as internal counsel, and served as the Corporate Secretary of its Philippine subsidiaries such as Batangas Power Corp. and Subic Power Corporation. In June of 2010, he joined the Alcantara Group as head of its Legal Services department and now serves as the Corporate Secretary of the group's other companies.

## **2. Family Relationship of Directors and Officers**

Mr. Tomas I. Alcantara, Mr. Alejandro I. Alcantara and Ms. Editha I. Alcantara are siblings, while Mr. Conrado C. Alcantara is their nephew.

## **3. Independent Directors**

The following are the Company's independent directors. They are neither officers nor substantial shareholders of ACR:

- a. Jacinto C. Gavino, Jr.
- b. Jose Ben R. Laraya
- c. Thomas G. Aquino

## **4. Warrants and Options Outstanding**

There are no warrants or options granted by the Company to any of its Directors or executive Officers.

## **5. Pending Legal Proceedings**

None of the directors and officers was involved in any bankruptcy proceedings as of March 31, 2019 and during the past five years. Neither have they been convicted by final judgment in any criminal proceedings or been subject to any order, judgment or decree of competent jurisdiction, permanently or temporarily enjoining, barring, suspending, or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, nor found in action by any court of administrative bodies to have violated a securities or commodities law.

## **6. Significant employees**

There are no persons other than the executive officers that are expected by the Company to make a significant contribution to the business.

## **7. Legal Proceedings where Property is the Subject**

There are no material pending legal proceedings to which the Company or any of its subsidiaries or affiliates is a party or of which any of their property is the subject.

## Item 11. EXECUTIVE COMPENSATION

A director's compensation represents a per diem of ₱30,000 for every attendance of a Board meeting, and ₱15,000 for every attendance of a meeting of the Executive and Corporate Governance Committee (Executive Committee) and the Audit Committee.

The aggregate amounts paid by the Company to its Directors and Executive Officers as a group were ₱5,256,000 and ₱3,705,000 for the years 2018 and 2017, and ₱2,655,000 in 2016, respectively. For 2019, the Company estimates that it will pay an aggregate amount of ₱5,725,000 as compensation to its Directors and Executive Officers.

**Table VII - Summary of Compensation of Directors and Executive Officers**

Name and Principal Position	Year (With 2019 Estimates)	Salary (₱)	Bonus (₱)	Other Annual Compensation Income (₱)
1. Tomas I. Alcantara Chairman and President	2019	₱ -	₱ -	₱ 485,000
	2018	-	-	434,000
	2017	-	-	330,000
	2016	-	-	225,000
2. Editha I. Alcantara Director & Treasurer	2019	-	-	575,000
	2018	-	-	509,000
	2017	-	-	330,000
	2016	-	-	240,000
3. Tirso G. Santillan, Jr. Director, EVP & COO	2019	-	-	575,000
	2018	-	-	509,000
	2017	-	-	330,000
	2016	-	-	300,000
4. Jose Ben R. Laraya Director	2019	-	-	575,000
	2018	-	-	509,000
	2017	-	-	330,000
	2016	-	-	300,000
5. Ramon T. Diokno Director	2019	-	-	500,000
	2018	-	-	464,000
	2017	-	-	330,000
	2016	-	-	285,000
All other Officers and Directors as a group unnamed	2019	-	-	3,015,000
	2018	-	-	2,831,000
	2017	-	-	1,500,000
	2016	-	-	1,305,000

Other Annual Compensation received from ACR represents per diems given for every attendance in a Board, an Executive Committee (Excom) meeting or an Audit Committee meeting. The disclosure on the compensation of Key Management Personnel is presented in Note 20 of the consolidated financial statements.

The Company and the executive officers are not involved in any of the following transactions:

1. Standard arrangement and any material arrangements;
2. Employment contract (between the registrant and named executive officers);
3. Compensatory plan or arrangement;
4. Outstanding warrants or options;
5. Adjustments or amendments on the stock warrants or options.

The members of the Compensation Committee of the Company are as follows:

Position	Name
Chairman	Tomas I. Alcantara
Member	Honorio A. Poblador III
Member (Independent Director)	Jose Ben R. Laraya
Member	Tirso G. Santillan, Jr.

### Employment Contracts and Termination of Employment and Change-in-Control Arrangements

The above named executive officers of the Company are not employees of ACR and are not covered by any existing employment contracts. They only receive per diems if they attend a meeting of the Board, or its Executive, or Audit, Committee.

### Warrants and Options Outstanding: Repricing

There are no outstanding warrants or options held by the directors or executive officers of the Company.

### Item 12. SECURITIES OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

#### 1. Security Ownership of Certain Record and Beneficial Owners

As of December 31, 2018, Alsons Consolidated Resources, Inc. knows of no one who beneficially owns in excess of 5% of its common stock except as set forth in the following table:

Table VIII - Beneficial Owners of Voting Securities

Title of Class	Name and address of Record Owner	Relationship with Issuer	Name of Beneficial Owner and Relationship with record owner	Citizenship	Number of Shares Held	Percenta
Common	<u>Alsons Corporation<sup>1</sup></u> <u>(AC)</u> Alsons Bldg., 2286 Don Chino Roces Avenue, Makati City	Affiliate	Alsons Corporation <sup>2</sup>	Filipino	2,592,524,072	41.21%
Common	<u>Alsons Power Holdings Corp<sup>1</sup></u> <u>(APHC)</u> Alsons Bldg., 2286 Don Chino Roces, Avenue Makati City	Affiliate	Alsons Power Holdings Corporation <sup>2</sup>	Filipino	1,249,999,599	19.87%
Common	<u>Alsons Development &amp; Investment Corp<sup>1</sup></u> <u>(ALDEVINCO)</u> 329 Bonifacio St., Davao City	Affiliate	Alsons Development and Investment Corporation <sup>2</sup>	Filipino	1,188,524,026	18.89%

<sup>1</sup> The President and CEO of the Corporation, Tomas I. Alcantara, is the Chairman of the Board of Directors of the Company.

<sup>2</sup> The respective Boards of Directors of each of AC, APHC and Aldevinco has power to decide how the shares are to be voted.

Common	PCD Nominee Corporation <sup>3</sup> (Fil) MSE Bldg., Ayala Ave., Makati City	None	Various <sup>4</sup>	Filipino	1,147,422,476	18.13%
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## 2. Security Ownership of Management

The following table shows the securities beneficially owned by all directors, nominees and executive officers of ACR as of December 31, 2018:

**Table IX - Security Ownership of Management**

**Directors:**

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Registered (r) or Beneficial (b)	Percent of Ownership
Common	Tomas I. Alcantara	1	Filipino	r	0.00%
Common	Editha I. Alcantara	100,000	Filipino	r	0.00%
Common	Alejandro I. Alcantara	1	Filipino	r	0.00%
Common	Jacinto C. Gavino, Jr.	1	Filipino	r	0.00%
Common	Ramon T. Diokno	1	Filipino	r	0.00%
Common	Jose Ben R. Laraya	100	Filipino	r	0.00%
Common	Conrado C. Alcantara	1	Filipino	r	0.00%
Common	Honorio A. Poblador III	100	Filipino	r	0.00%
Common	Thomas G. Aquino	100	Filipino	r	0.00%
Common	Tirso G. Santillan, Jr.	1	Filipino	r	0.00%
Total		100,406			0.00%

**Officers:**

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Citizenship	Registered (r) or Beneficial (b)	Percent of Ownership
Common	Tomas I. Alcantara	1	Filipino	R	0.00%
Common	Editha I. Alcantara	100,000	Filipino	R	0.00%
Common	Tirso G. Santillan, Jr.	1	Filipino	R	0.00%
Common	Roberto V. San Jose	500,000	Filipino	R	0.00%
Total		600,002			0.00%

## 3. Voting Trust Holder of 5% or More

No person holds five percent (5%) or more of the issued and outstanding shares of stock of the Company under voting trust or similar agreement.

## 4. Changes in Control

There are no arrangements which may result in a change in control of the registrant.

<sup>3</sup> The PCD Nominee Corporation is not related to the Company.

<sup>4</sup> There are no holders of more than 5% of common stock under PCD. The clients of the various PCD participants have the power to decide how the Company's shares are to be voted.

### Item 13. CERTAIN RELATIONSHIP AND RELATED TRANSACTIONS

During the last three (3) years, the Company was not a party in any transaction in which a Director or Executive Officer of the Company, any nominee for election as a Director, or any security holder owning more than 5% of any class of the Company's issued and outstanding shares and/or his/her immediate family member had a material interest thereon.

In the normal conduct of business, the following are among the other transactions with its affiliates and related parties disclosed in the audited financial statements under Notes 17 (Loans Payable), 18 Long-term Debt and 21 (Related Party):

- In October 2015, the Company subscribed to 22 million redeemable preferred shares of Alsons Development and Investment Corporation (ALDEVINCO), a shareholder, through a conversion of its advances to ALDEVINCO amounting to ₱2.2 billion. These shares have a par value of ₱100 per share and a cumulative dividend of 4% per annum, and are non-participating. The Parent Company accounts for its investment in redeemable preferred shares as part of AFS investment in the Financial Statements.
- On March 21, 2013, ALDEVINCO and ACIL (collectively, AG) and Ayala Land, Inc. (ALI) entered into a joint venture agreement, where ALI would own 60%, and AG would own 40%, of the outstanding capital stock of a joint venture corporation, Aviana Development Corporation (ADC), which would develop the Lanang property in Davao City. Thereafter, ALDEVINCO assigned to ACR all of its rights and obligations in the agreement. On September 17, 2013, ADC was incorporated, and ACR has subscribed to, and now owns, 34% of ADC's outstanding capital stock.

There were no transactions to which the Company was a party during the past two (2) fiscal years where a director, executive officer, nominee for director, or stockholder owning more than 10% of the outstanding shares of the Company had a direct interest.

The Company retains the law firm of Castillo Laman Pantaleon and San Jose for legal services, where Atty. Roberto V. San Jose is a Consultant. In 2018, and 2017, ACR paid this law firm fees of ₱5,135,548.08 and ₱469,063, respectively. Included in the for 2018 is the amount of ₱4,722,338.88 for legal advice and services on the partial divestment of Alsons Thermal Energy Corporation in 2017. The Company believes that these fees are reasonable for the services rendered.

**List all parents of the registrant showing the basis of control and as to each parent, the percentage of voting securities owned or other basis of control by its immediate parent, if any.**

With the Company's issuance of the voting preferred shares, the Company's ultimate parent company is Alsons Corporation or AC, which owns 68.63% of all the common and the preferred shares. The Company's outstanding common shares, which are all listed in the Philippine Stock Exchange, are owned and controlled by the following Companies: Alsons Corporation - 41.21%; Alsons Power Holdings Corporation - 19.87%; and Alsons Development & Investment Corporation - 18.89%.

## PART IV – CORPORATE GOVERNANCE

### Item 14. CORPORATE GOVERNANCE

In compliance with the directives of the SEC, please find attached the latest Integrated Annual Corporate Governance Report by the Company filed with the SEC.

## PART V - EXHIBITS AND SCHEDULES

### Item 15. EXHIBITS AND REPORTS

#### 15.1 Consolidated Financial Statements

The Audited Consolidated Financial Statements for the years ended December 31, 2018 and 2017 are attached as Exhibit 1:

- Management's Responsibility to the Financial Statements
- Independent Auditor's Report
- Consolidated Balance Sheets December 31, 2018 and 2017
- Consolidated Statements of Income for the three years ended December 31, 2018, 2017 and 2016
- Consolidated Statements of Comprehensive Income for the three years ended December 31, 2018, 2017 and 2016
- Consolidated Statements of Cash Flows for the three years ended December 31, 2018, 2017 and 2016.
- Notes to Consolidated Financial Statements

#### 15.2 Supplementary Schedules

Independent Auditor's Report on Supplementary Schedules SRC Annex 68-E Schedules

- A. Financial Assets – (Cash equivalents, Short-term cash investments, and Available for Sale Financial Assets)
- B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders
- C. Amounts receivable from related parties which are eliminated during the consolidation of financial statements
- D. Intangible Assets - Other Assets
- E. Long-term Debt
- F. Indebtedness to Related Parties
- G. Guarantees of Securities of Other Issuers
- H. Capital Stock

Schedule of Retained Earnings Available for Dividend Declaration

Conglomerate Map

Schedule of All Effective Standards and Interpretations

#### 15.3 Reports on SEC Form 17-C

- Report on SEC Form 17-C filed during the year ended December 31, 2017 is attached together with this report and presented in Exhibit 6:

## SIGNATURES

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

**ALSONS CONSOLIDATED RESOURCES, INC.**

Issuer

Pursuant to the requirements of the Securities Regulation Code, this annual report has been signed by the following persons in the capacities and on the date indicated.

By:



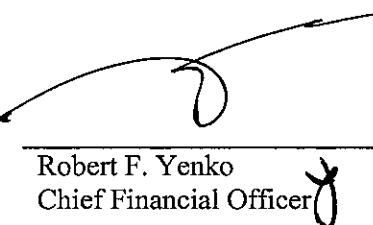
Editha I. Alcantara  
Treasurer and appointed  
Vice-Chairperson

Date : 4/12/19



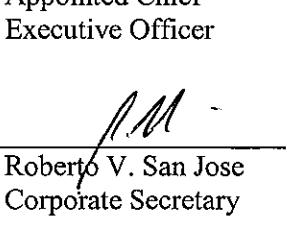
Tirso G. Santillan, Jr.  
Executive Vice-  
President and Chief  
Operating Officer and  
Appointed Chief  
Executive Officer

Date : 4/12/19



Robert F. Yenko  
Chief Financial Officer

Date : 4/12/19



Roberto V. San Jose  
Corporate Secretary

Date : 4/12/19

APR 12 2019

SUBSCRIBED AND SWORN to before me this \_\_\_\_\_ day of \_\_\_\_\_ affiants exhibiting to me competent evidence of their respective identity as follows:

NAMES

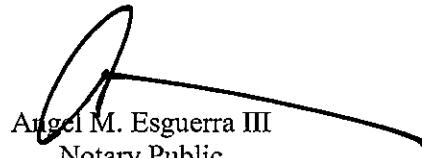
Editha I. Alcantara  
Tirso G. Santillan, Jr.  
Robert F. Yenko  
Roberto V. San Jose

IDENTIFICATION NO.

PP#EC4769595  
DL#N17-72-000977  
N01-16-031117  
PP#P1329913A

DATE & PLACE OF ISSUE

07/29/2015/DFA NCR South  
Valid until 2/12/2023 LTO QC  
10-12-16/ LTO QC  
12-20-16 / DFA NCR South



Angel M. Esguerra III  
Notary Public

for Makati City until December 31, 2019

Commission No. M-184; Roll No. 34787; 06/01/87  
IBP Lifetime No. 00259; 06/01/95; Pasay Chapter  
PTR OR No. 7344120; 01-08-2019; Makati City  
Alsons Bldg., 2286 Chino Roces Ave., Makati City

Doc. No. 507  
Page No. 103  
Book No. IV  
Series of 2019



ALSONS CONSOLIDATED RESOURCES, INC.  
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY  
SCHEDULES  
FORM 17-A, Item 7

Exhibit No.

**Consolidated Financial Statements**

Exhibit 1

Statement of Management's Responsibility  
Report of Independent Public Accountants  
Consolidated Balance Sheets as of December 31, 2018, 2017 and 2016  
Consolidated Statements of Income for the three years ended December 31,  
2018, 2017 and 2016  
Consolidated Statements of Comprehensive Income for the three  
Years ended December 31, 2018, 2017 and 2016  
Consolidated Statements of Cash Flows for the three years ended December  
31, 2018, 2017 and 2016  
Notes to Consolidated Financial Statements

**Supplementary Schedules**

Exhibit 2

Independent Auditor's Report on Supplementary Schedules  
SRC Annex 68-E Schedules  
A. Financial Assets – (Cash equivalents, Short-term cash investments, and  
Available for Sale Financial Assets)  
B. Amounts Receivable from Directors, Officers, Employees, Related Parties  
and Principal Stockholders  
C. Amounts receivable from related parties which are eliminated during the  
consolidation of financial statements  
D. Intangible Assets - Other Assets  
E. Long-term Debt  
F. Indebtedness to Related Parties  
G. Guarantees of Securities of Other Issuers  
H. Capital Stock  
Schedule of Retained Earnings Available for Dividend Declaration  
Conglomerate Map  
Schedule of All Effective Standards and Interpretations

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## INDEX TO EXHIBITS

### Form 17-A

	<u>Page No.</u>
Plan of Acquisition, Reorganization, Arrangement, Liquidation, or Succession	*
Instruments Defining the Rights of Security Holders, Including Indentures	**
Voting Trust Agreement	*
Material Contracts	**
Annual Report to Security Holders, Form 11-Q or Quarterly Report to Security Holders	*
Letter re: Change in Certifying Accountant	*
Report Furnished to Security Holders	*
Published Report Regarding Matters Submitted to Vote of Security Holders	*
Consent of Experts and Independent Counsel	*
Power of Attorney	*

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\* These Exhibits are either not applicable to the Company or require no answer.

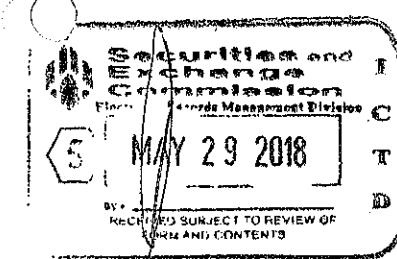
\*\* There were no changes or additions to those already provided in our SEC Form 11-A  
and in our succeeding filing.



# **Annual Corporate Governance Report for 2018**



Securities and  
Exchange  
Commission  
PHILIPPINES



## SEC FORM - I-ACGR

### INTEGRATED ANNUAL CORPORATE GOVERNANCE REPORT

1. For the fiscal year ended: 31 December 2017

2. SEC Identification N° 59366

3. BIR Tax Identification No. 001-748-412

4. Exact name of issuer as specified in its charter:

**ALSONS CONSOLIDATED RESOURCES, INC.**

5. **Metro Manila, Philippines**

“Province, Country or other jurisdiction of incorporation or organization”

6.  (SEC Use Only) Industry Classification Code:

7. Address of principal office:

**Alsons Building, 2286 Chino Roces Avenue, Makati City 1231 Metro Manila**

8. +63 2 982 30 00

Issuer's telephone number, including area code

9. **Not applicable**

Former name, former address, and former fiscal year, if changed since last report.

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
The Board's Governance Responsibilities			
“ Principle 1: The company should be headed by a competent, working board to foster the long-term success of the corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the long-term best interests of its shareholders and other stakeholders.”			
Recommendation 1.1			
“1. The Board is composed of directors with a collective working knowledge, experience or expertise that is relevant to the company's industry/ sector.”	Compliant	As set forth in the Company's Information Statement pursuant to section 20 of the Securities Regulation Code (“20-IS”), filed with the Commission on 17 April 2018, and found in <a href="http://www.acr.com.ph/filings.php">www.acr.com.ph/filings.php</a> as “1. Definitive Information Statement & Management Report”, pages 9 through 13, the Company's Directors have a collective working knowledge, experience or expertise that is relevant to the company's industry/ sector, the Board has an appropriate mix of competence and expertise, and the Directors remain qualified for their positions individually and collectively, to enable them to fulfil its roles and responsibilities and respond to the needs of the organization	
“2. Board has an appropriate mix of competence and expertise”	Compliant		
“3. Directors remain qualified for their positions individually and collectively, to enable them to fulfill its roles and responsibilities and respond to the needs of the organization.”	Compliant		
Recommendation 1.2			
“1. Board is composed of a majority of non-executive directors.	Compliant	As set forth in the Company's General Information Sheet, filed with the Commission on 18 September 2017 (the “GIS”), and found in <a href="http://www.acr.com.ph/disclosure.php">www.acr.com.ph/disclosure.php</a> as “ACR-AMENDED GIS2017”, page 5, of the Company's 11 Directors, only 3 are “executive directors” [(1) Chairman & President, (2) Treasurer, and (3) Executive Vice President]	
Recommendation 1.3			
“1. Company provides in its Board Charter and Manual on Corporate Governance a policy on training of directors.”	Compliant	In <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , the Company's New Manual on Corporate Governance, 1.3, provides that “The Company shall train its Directors, and provide an orientation program for first-time Directors and relevant annual continuing training for all Directors.”	
“2. Company has an orientation program for first time directors.”	Compliant	The Company also ensures that all of its Directors attend an annual corporate governance seminar.	
“3. Company has relevant annual continuing training for all directors.”	Compliant		
Recommendation 1.4			
“1. Board has a policy on board diversity.”	Compliant	The Company's Board approved its Board Diversity Policy on 24 April 2017 along with the New Corporate Governance Manual, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> .	
Optional Recommendation 1.4			

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
“1. Company has a policy on and discloses measurable objectives for implementing its board diversity and reports on progress in achieving its objectives.”	Compliant	The Company’s Board Diversity Policy of 24 April 2017, attached to the New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , shows the Company has a policy on, and discloses, measurable objectives for implementing its board diversity, and reports on progress in achieving its objectives.	
Recommendation 1.5			
“1. Board is assisted by a Corporate Secretary.”	Compliant	As set forth in the Company’s articles and by-laws, as amended, and its GIs, all found at <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the Board always appoints a Corporate Secretary who assists the Board, but who is not the Compliance Officer, or a Director, and who attends the annual corporate governance seminars. The qualifications and duties of the Corporate Secretary are set forth in the Company’s New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 1.5.	
“2. Corporate Secretary is a separate individual from the Compliance Officer.”	Compliant		
“3. Corporate Secretary is not a member of the Board of Directors.”	Compliant		
“4. Corporate Secretary attends training/s on corporate governance.”	Compliant		
Recommendation 1.6			
“1. Board is assisted by a Compliance Officer.”	Compliant	As set forth in the Company’s filings and disclosures, all found at <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the Board – since the requirement was imposed – always appoints a Compliance Officer who assists the Board, who has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the Company, who is not a Director, and who attends the annual corporate governance seminars. The qualifications and duties of the Compliance Officer are set forth in the Company’s New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 1.6.	
“2. Compliance Officer has a rank of Senior Vice President or an equivalent position with adequate stature and authority in the corporation.”	Compliant		
“3. Compliance Officer is not a member of the board.”	Compliant		
“4. Compliance Officer attends training/s on corporate governance.”	Compliant		
“Principle 2: The fiduciary roles, responsibilities and accountabilities of the Board as provided under the law, the company’s articles and by-laws, and other legal pronouncements and guidelines should be clearly made known to all directors as well as to stockholders and other stakeholders.”			
Recommendation 2.1			
“1. Directors act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company.”	Compliant	As set forth in the Company’s filings and disclosures, all found at <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the Board acts on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company.	
Recommendation 2.2			
“1. Board oversees the development, review and approval of the company’s business objectives and strategy.”	Compliant	As set forth in the Company’s filings and disclosures, all found at <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the Board oversees and/or monitors the development, review, approval, and implementation of the Company’s business objectives	
“2. Board oversees and monitors the			

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
Implementation of the company's business objectives and strategy.”	Non-Compliant	and strategy.	
Supplement to Recommendation 2.2			
“1. Board has a clearly defined and updated vision, mission and core values.”	Compliant	The Company's vision, mission, and core values are all found at <a href="http://www.acr.com.ph/mission_vision.php">www.acr.com.ph/mission_vision.php</a> .	
“2. Board has a strategy execution process that facilitates effective management performance and is attuned to the company's business environment, and culture.”	Compliant	The Board's strategy execution process involves overseeing and/or monitoring the development, review, approval, and implementation of the Company's business objectives and strategy, which process facilitates effective management performance, and is attuned to the Company's business environment, and culture.	
Recommendation 2.3			
“1. Board is headed by a competent and qualified Chairperson.”	Compliant	As set forth in the 2015, and found in <a href="http://www.acr.com.ph/filius.php">www.acr.com.ph/filius.php</a> , pages 9 through 10, the Board is headed by a competent and qualified Chairman, Mr. Tomas I. Alejantara.	
Recommendation 2.4			
“1. Board ensures and adopts an effective succession planning program for directors, key officers and management.”	Compliant	The Company's New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 2.4, states: “Subject to the Company's size, risk profile and complexity of operations, the Board may include in this program a retirement age for Directors and Officers as part of Management succession and to promote dynamism in the Company.”	
“2. Board adopts a policy on the retirement for directors and key officers.”			
Recommendation 2.5			
“1. Board aligns the remuneration of key officers and board members with long-term interests of the company.”	Compliant	The New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 2.5, states: “Subject to the Company's size, risk profile and complexity of operations, the Board may align the remuneration of Officers with the Company's long-term interests, and adopt a policy specifying the relationship between remuneration and performance. The By-Laws shall govern the remuneration of Directors.”	
“2. Board adopts a policy specifying the relationship between remuneration and performance.”		Currently, the Company's “key officers and board members” are NOT employees of the Company, and the remuneration of all Directors and some key officers consists solely of fixed per item (Board Resolution No. ACR 2012/III-03, ratified by the stockholders on 18 May 2012).	
“3. Directors do not participate in discussions or deliberations involving his/her own remuneration.”			
Optional: Recommendation 2.5			

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
“1. Board approves the remuneration of senior executives.”	Compliant	The Company’s New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 2.5, first sentence, states: “Subject to the Company’s size, risk profile and complexity of operations, the Board may align the remuneration of Officers with the Company’s long-term interests, and adopt a policy specifying the relationship between remuneration and performance.” Currently, the Company’s senior executives and executive Directors are NOT employees of the Company, and their remuneration from the company, if any, consists solely of fixed per diem (Board Resolution N° ACR 2012/III-03, ratified by the stockholders on 18 May 2012).	
“2. Company has measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interest, such as claw back provision and deferred bonuses.”	Compliant		
Recommendation 2.6			
“1. Board has a formal and transparent board nomination and election policy.”	Compliant	The Company’s Board approved its formal and transparent Nomination and Election Policy on 24 April 2017, along with the New Corporate Governance Manual, and is annexed to the said Manual found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> . The said Policy includes how the Company accepts nominations from minority shareholders, and how the Board shortlists candidates.	
“2. Board nomination and election policy is disclosed in the company’s Manual on Corporate Governance.”	Compliant	Similar to the Board’s strategy execution process, the Board continuously assesses the effectiveness of its formal and transparent Nomination and Election Policy adopted on 24 April 2017, along with the Company’s New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> .	
“3. Board nomination and election policy includes how the company accepted nominations from minority shareholders.”	Compliant	The formal and transparent Nomination and Election Policy adopted on 24 April 2017, and attached to the Company’s New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , is the process for identifying the quality of directors that is aligned with the strategic direction of the Company.	
“4. Board nomination and election policy includes how the board shortlists candidates.”	Compliant		
“5. Board nomination and election policy includes an assessment of the effectiveness of the Board’s processes in the nomination, election or replacement of a director.”	Compliant		
“6. Board has a process for identifying the quality of directors that is aligned with the strategic direction of the company.”	Compliant		
Optional: Recommendation 2.6			
“1. Company uses professional search firms or other external sources of candidates	Compliant	In the same manner that the Group uses professional search firms when searching for candidates to senior	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
(Such as director databases set up by director or shareholder bodies) when searching for candidates to the board of directors.”	Officers of the Group, the Board – if necessary – is open to using professional search firms if searching for candidates to the board of directors.		
<b>Recommendation 2.7</b>			
“1. Board has overall responsibility in ensuring that there is a group-wide Policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions.”	Compliant	The Board has adopted a group-wide RPT policy, and it is set forth in <a href="http://www.aer.com.ph/company_policy.php">www.aer.com.ph/company_policy.php</a> , which policy guarantees fairness and transparency of the transactions.	
“2. RPT policy includes appropriate review and approval of material RPTs, which guarantee fairness and transparency of the transactions.”			
“3. RPT policy encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations.”	Compliant	The group-wide RPT policy, set forth in <a href="http://www.aer.com.ph/company_policy.php">www.aer.com.ph/company_policy.php</a> , encompasses all entities within the group, taking into account their size, structure, risk profile and complexity of operations	
Supplement to Recommendation 2.7			
“1. Board clearly defines the threshold for disclosure and approval of RPTs and categorizes such transactions according to those that are considered <i>de minimis</i> or transactions that need not be reported or announced, those that need to be disclosed, and those that need prior shareholder approval. The aggregate amount of RPTs within any twelve (12) month period should be considered for purposes of applying the thresholds for disclosure and approval.”	Compliant	Insofar as this supplement to Recommendation 2.7(1) provides for a minimum, the Company exceeds the same by considering all RPTs reportable and/or subject to disclosure.	
“2. Board establishes a voting system whereby a majority of non-related party shareholders approve specific types of related party transactions during shareholders' meetings.”	Compliant	The “voting system” for RPTs follows the Corporation Code, found in <a href="http://www.sec.gov.ph/laws-rules-and-regulations/registration/">www.sec.gov.ph/laws-rules-and-regulations/registration/</a> , sec. 33, in that RPTs are treated as contracts between entities with inter-locking directors.	
<b>Recommendation 2.8</b>			
“1. Board is primarily responsible for approving the selection of Management	Compliant	The Board complies with the Corporation Code, found in <a href="http://www.sec.gov.ph/laws-rules-decisions-and">www.sec.gov.ph/laws-rules-decisions-and</a>	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
Led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive)."		resolutions/legislation/sec. 25, by electing, immediately after their own election, the President and Chief Executive Officer, the Executive Vice President, the Treasurer, the Chief Financial Officer, the Corporate Secretary, the Chief Audit Executive, and other officers of the Company.	
“2. Board is primarily responsible for assessing the performance of Management led by the Chief Executive Officer (CEO) and the heads of the other control functions (Chief Risk Officer, Chief Compliance Officer and Chief Audit Executive).”	Compliant	The Board complies with the Corporation Code, found in <a corp_governance.php"="" href="http://www.sec.gov.ph/laws-rules-decisions-and-resolutions/legislation/sec. 23, in that unless otherwise provided in the said Code, the Board: (1) exercises all corporate powers; (2) conducts all business; and (3) holds all property of the Company. Thus, the Board is ultimately responsible for assessing the performance of all Company officers.&lt;/a&gt;&lt;/td&gt;&lt;td&gt;&lt;/td&gt;&lt;/tr&gt; &lt;tr&gt; &lt;td&gt;Recommendation 2.9&lt;/td&gt;&lt;td&gt;&lt;/td&gt;&lt;td&gt;&lt;/td&gt;&lt;td&gt;&lt;/td&gt;&lt;/tr&gt; &lt;tr&gt; &lt;td&gt;“1. Board establishes an effective performance management framework that ensures that Management's performance is at par with the standards set by the Board and Senior Management.”&lt;/td&gt;&lt;td&gt;Compliant&lt;/td&gt;&lt;td&gt;As set forth in the Company's New Corporate Governance Manual, 2.9, found in &lt;a href=" http:="" www.acr.com.ph="">www.acr.com.ph/corp_governance.php</a> , the Board ensures that the performance by Management, including the Chief Executive Officer and other personnel, is at par with the standards set by the Board.	
“2. Board establishes an effective performance management framework that ensures that personnel's performance is at par with the standards set by the Board and Senior Management.”	Compliant	Consistent with the Company's New Corporate Governance Manual, 2.9, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , the Board also ensures that personnel's performance is at par with the standards set by the Board and Senior Management.	
Recommendation 2.10			
“1. Board oversees that an appropriate internal control system is in place.”		Consistent with the Company's New Corporate Governance Manual, 2.10, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , the Board “shall establish an appropriate internal control system, set up a mechanism for monitoring and managing potential conflicts of interest of Management, Directors, and shareholders, and approve the internal audit charter.”	
“2. The internal control system includes a mechanism for monitoring and managing potential conflict of interest of the Management, members and shareholders.”	Compliant		
“3. Board approves the Internal Audit Charter.”			
Recommendation 2.11			
“1. Board oversees that the company has in place a sound enterprise risk	Compliant	The Board has adopted an ERM framework as found in <a href="http://www.acr.com.ph/corp_risk_management.php">www.acr.com.ph/corp_risk_management.php</a> , where it	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
management (ERM) framework to effectively identify, monitor, assess and manage key business risks.”	Non-Compliant	has identified some of the risks to which the Company and its subsidiaries are exposed, and the measures to manage each of such risks. This ERM framework effectively identifies, monitors, assesses and manages key business risks.	
“2. The risk management framework guides the board in identifying units /business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies.”	Non-Compliant	The ERM framework found in <a href="http://www.acr.com.ph/cnt_risk_management.php">www.acr.com.ph/cnt_risk_management.php</a> also guides the Board in identifying units /business lines and enterprise-level risk exposures, and assists the Board in assessing the effectiveness of its risk management strategies.	
Recommendation 2.12			
“1. Board has a Board Charter that formalizes and clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary role.”	Non-Compliant	The Company's New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 2.12, states: “The Board shall formulate its charter that: (i) clearly states its roles, responsibilities and accountabilities in carrying out its fiduciary duties; (ii) serves as a guide in the performance of the Board's functions; (iii) is publicly available; and (iv) is posted on the Company's website.”	
“2. Board Charter serves as a guide to the directors in the performance of their functions.”	Compliant		
“3. Board Charter is publicly available and Posted on the company's website.”	Non-Compliant		
“Additional Recommendation to Principle 2”			
“1. Board has a clear insider trading policy.”	Compliant	The Board has adopted a clear policy on insider trading, as found in <a href="http://www.acr.com.ph/company_policy.php">www.acr.com.ph/company_policy.php</a> .	
“Optional: Principle 2”			
“1. Company has a policy on granting loans to directors, either forbidding the practice or ensuring that the transaction is conducted at arm's length basis and at market rates.”	Compliant	The Board has adopted a group-wide RPT policy, and it is set forth in <a href="http://www.acr.com.ph/company_policy.php">www.acr.com.ph/company_policy.php</a> , which policy covers “loans to directors”, if any, and which ensures that the transaction is conducted at arm's length basis and at market rates, therefore guaranteeing fairness and transparency of the transactions.	
“2. Company discloses the types of decision requiring board of directors' approval.”	Compliant	The Company complies with the requirements of the Securities Regulation Code and its implementing rules and regulations, found in <a href="http://www.sec.gov.ph/laws-rules-decisions-and-resolutions/legislation/">www.sec.gov.ph/laws-rules-decisions-and-resolutions/legislation/</a> , on which Board decisions are subject to disclosure.	
“Principle 3: Board committees should be set up to the extent possible to support the effective performance of the Board's functions, particularly with respect to audit, risk management, related party transactions, and other key corporate governance concerns, such as nomination and remuneration. The composition, functions and responsibilities of all committees established should be contained in a publicly available Committee Charter.”			
Recommendation 3.1			

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
“1. Board establishes board committees that focus on specific board functions to aid in the optimal performance of its roles and responsibilities.”	Compliant	The Board has established various committees (Executive, Corporate Governance, Nomination, Election, Remuneration, Audit, Related Party Transaction, Risk Management, etc.) that focus on specific board functions to aid in the optimal performance of its roles and responsibilities. These committees are set forth in <a href="http://www.acr.com.ph">www.acr.com.ph</a> .	
Recommendation 3.2			
“1. Board establishes an Audit Committee to enhance its oversight capability over the company’s financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations.”	Compliant	As set forth in various disclosures and filings at <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the Board has established its Audit Committee to enhance its oversight capability over the company’s financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations	
“2. Audit Committee is composed of at least three appropriately qualified non-executive directors, the majority of whom, including the Chairman is independent.”	Compliant	As set forth in various disclosures and filings at <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the Audit Committee of five Directors is composed of three appropriately qualified Non-Executive Directors, and they constitute the majority of the Committee. The Chairman of the Audit Committee is an independent Director.	
“3. All the members of the committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.”	Compliant	As set forth in the 20-1S, and found in <a href="http://www.acr.com.ph/filings.php">www.acr.com.ph/filings.php</a> as “I. Definitive Information-Statement & Management Report”, pages 9 through 13, all the members of the Audit Committee have relevant background, knowledge, skills, and/or experience in the areas of accounting, auditing and finance.	
“4. The Chairman of the Audit Committee is not the Chairman of the Board or of any other committee.”	Compliant	As set forth in various disclosures and filings at <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the Chairman of the Audit Committee is Mr. Jose Ben R. Laraya, who is not the Chairman of the Board, or of any other committee.	
Supplement to Recommendation 3.2			
“1. Audit Committee approves all non-audit services conducted by the external auditor.”	Compliant	As set forth in the Company’s New Corporate Governance Manual, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 3.2.2, the Audit Committee “(e)valuates and determines the non-audit work, if any, of the external auditor, and periodically reviews the non-audit fees paid to the external auditor in relation to the total fees paid to him and to the Company’s overall consultancy expenses. The Audit	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
“2. Audit Committee conducts regular meetings and dialogues with the external audit team without anyone from management present.” Optional Recommendation 3.2	Non-compliant	Committee shall disallow any non-audit work that will conflict with the external auditor’s duties as an external auditor or may pose a threat to his/her independence.”	Currently, a minority of the Audit Committee are members of management, which is not prohibited under Recommendation 3.2(2). Therefore, the overall Principle 3, and Recommandation 3.2(2) are still being achieved.
“1. Audit Committee meet at least four times during the year.”	Compliant	On 18 December 2017, the Assistant Corporate Secretary delivered to each Director-member of the Audit Committee, and his or her assistant, via email, the calendar of at least 6 meetings of the Audit Committee for 2018.	
“2. Audit Committee approves the appointment and removal of the internal auditor.” Recommendation 3.3	Compliant	As set forth in the Company’s New Corporate Governance Manual, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 9.1, first sentence, the Audit Committee has “a robust process for approving and recommending the appointment, reappointment, removal, and the fees of the external auditor, subject to Board approval and shareholders’ ratification.”	As set forth in various disclosures and filings at <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the Board has established its Executive and Corporate Governance Committee to, among others, assist the Board in the performance of its corporate governance responsibilities.
“1. Board establishes a Corporate Governance Committee tasked to assist the Board in the performance of its corporate governance responsibilities, including the functions that were formerly assigned to a Nomination and Remuneration Committee.” “2. Corporate Governance Committee is composed of at least three members, all of whom should be independent directors.”	Compliant	As set forth in various disclosures and filings at <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the Board’s Corporate Governance Committee has five members, and three of those are independent directors.	Since the Corporate Governance Committee is also the Executive Committee, its head is the Chairman of the Board, and is not an Independent Director. Nonetheless, the overall Principle 3, and Recommandation 3.3, are still being achieved since the said Committee continues to assists the Board in performing its corporate governance responsibilities.
“3. Chairman of the Corporate Governance Committee is an independent director.”	Non-compliant		

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
Optional Recommendation 3.3			
“1. Corporate Governance Committee meet at least twice during the year.”	Compliant	On 18 December 2017, the Assistant Corporate Secretary delivered to each Director-member of the Executive and Corporate Governance Committee, and his or her assistant, via email, the calendar of at least 5 meetings of the said Committee for 2018.	
Recommendation 3.4			
“1. Board establishes a separate Board Risk Oversight Committee (BROC) that should be responsible for the oversight of a company’s Enterprise Risk Management system to ensure its functionality and effectiveness.”	Compliant	The Company’s New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 3.4, in part, states: “The Board, taking into consideration the Company’s size, risk profile and complexity of operations, may establish a separate risk oversight committee that shall be responsible for the oversight of the Company’s ERM system to ensure its functionality and effectiveness.” Currently, the Board has established the Audit Committee as the Audit, Risk Management, and Related Party Transaction Committee, which is responsible for, among others, the oversight of a Company’s ERM system.	
“2. BROC is composed of at least three members, the majority of whom should be independent directors, including the Chairman.”	Compliant	The Chairman of the Audit, Risk Management, and Related Party Transaction Committee is an independent director.	
“3. The Chairman of the BROC is not the Chairman of the Board or of any other committee.”	Compliant	As set forth in various disclosures and filings at <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the Chairman of the Audit, Risk Management, and Related Party Transaction Committee is Mr. Jose Ben R. Laraya, who is not the Chairman of the Board, or of any other committee.	
“4. At least one member of the BROC has relevant thorough knowledge and experience on risk and risk management.”	Compliant	As set forth in the 20-IS, and found in <a href="http://www.acr.com.ph/filings.php">www.acr.com.ph/filings.php</a> as “I. Definitive Information-Statement & Management Report”, pages 9 through 13, all the members of the Audit, Risk Management, and Related Party Transaction Committee have relevant and thorough knowledge and experience on risk and risk management.	
Recommendation 3.5			
“1. Board establishes a Related Party Transactions (RPT) Committee, which is tasked with reviewing all material related party transactions of the company.”	Compliant	The Board has established the Audit Committee as the Audit, Risk Management, and Related Party Transaction Committee, which is tasked with reviewing all RPTs of the Company.	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
“2. RPT Committee is composed of at least three non-executive directors, two of whom should be independent, including the Chairman.”	Compliant	As set forth in the disclosures and filings found in <a href="http://www.acr.com.ph/filings.php">www.acr.com.ph/filings.php</a> , three of the five members of the Audit, Risk Management, and Related Party Transaction Committee are non-executive Directors, and the Chairman of this Committee is an independent Director.	
Recommendation 3.6			
“1. All established committees have a respective Charter stating in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information.”	Compliant	All established committees have a respective Committee Charter set forth in the articles of incorporation, as amended, the by-laws, as amended, the New Corporate Governance Manual, and the disclosures and filings found in <a href="http://www.acr.com.ph/filings.php">www.acr.com.ph/filings.php</a> , and these state in plain terms their respective purposes, memberships, structures, operations, reporting processes, resources and other relevant information	
“2. Committee Charters provide standards for evaluating the performance of the Committees.”	Compliant	All Committee Charters set forth in the articles of incorporation, as amended, the by-laws, as amended, the New Corporate Governance Manual, and the disclosures and filings found in <a href="http://www.acr.com.ph/filings.php">www.acr.com.ph/filings.php</a> provide standards for evaluating the performance of the respective Committees.	
“3. Committee Charters were fully disclosed on the company’s website.”	Compliant	All Committee Charters set forth in the articles of incorporation, as amended, the by-laws, as amended, the New Corporate Governance Manual, and other documents are found in <a href="http://www.acr.com.ph">www.acr.com.ph</a> .	
“Principle 4: To show full commitment to the company, the directors should devote the time and attention necessary to properly and effectively perform their duties and responsibilities, including sufficient time to be familiar with the corporation’s business.”			
Recommendation 4.1			
“1. The Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.”	Compliant	As set forth in <a href="http://www.acr.com.ph/disclosure.php">www.acr.com.ph/disclosure.php</a> , “2017 Board of Directors Attendance” document, the Directors attend and actively participate in all meetings of the Board, Committees and shareholders in person or through tele-/videoconferencing conducted in accordance with the rules and regulations of the Commission.	
“2. The directors review meeting materials for all Board and Committee meetings.”	Compliant	Management is required to provide members of the Board and Committee materials for their meeting on the Monday of the week preceding the meeting, to allow the Directors to review meeting materials for all Board and Committee meetings.	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
“3. The directors ask the necessary questions or seek clarifications and explanations during the Board and Committee meetings.”	Compliant	The Directors do ask the necessary questions, or seek clarifications and explanations, during the Board and Committee meetings.	
Recommendation 4.2 “1. Non-executive directors concurrently serve in a maximum of five publicly-listed companies to ensure that they have sufficient time to fully prepare for minutes, challenge Management’s Proposals/views, and oversee the long-term strategy of the company.”	Compliant	As set forth in the two documents labeled as “V. Certification of Independent Directors” and other documents in <a href="http://www.acr.com.ph">www.acr.com.ph</a> , if non-executive Directors concurrently serve in publicly-listed companies, none of such companies exceed five in number.	
Recommendation 4.3 “1. The directors notify the company’s board before accepting a directorship in another company.”	Compliant	As set forth in the Certifications of Independent Directors and other documents in <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the independent Directors have undertaken to notify the Company’s Board if there are any changes about to occur in their qualifications, including the acceptance of a directorship in another company.	
Optional Principle 4 “1. Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.”	Compliant	As set forth in the disclosures and filings found in <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the Company does not have any executive directors who serve in more than two boards of listed companies outside of the group.	
“2. Company schedules board of directors’ meetings before the start of the financial year.”	Compliant	Before the end of each calendar year, each Director receives a calendar of the succeeding year’s meetings of the Board and its committees. On 18 December 2017, the Assistant Corporate Secretary delivered to each Director, and his or her assistant, via email, the calendar of the meetings of the Board and its committees for the year 2018.	
“3. .”	Compliant	This “Optional: Principle 4, No 3, was left blank in the SEC Form I-ACGR, page 19, to SEC Memorandum Circular N° 15, dated 15 December 2017, and therefore complied with.	
“4. Board of directors meet at least six times during the year.”	Compliant	As set forth in <a href="http://www.acr.com.ph/disclosure.php">www.acr.com.ph/disclosure.php</a> , “2017 Board of Directors Attendance” document, the Directors held 10 meetings in 2017. On 18 December 2017, the Assistant Corporate Secretary delivered to each Director, and his or her assistant, via email, the calendar of at least	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
		6 meetings of the Board for 2018.	
“5. Company requires as minimum quorum of at least 2/3 for board decisions.”	Non-compliant		<p>This “Optional: Principle 4, № 5, confuses “quorum” for meetings with minimum voting requirements for Board decisions, which are two entirely quantitative requirements. As illustrated by the Corporation Code, found in <a href="http://www.scc.gov.ph/laws-rules-decisions-and-resolutions/legislation/">www.scc.gov.ph/laws-rules-decisions-and-resolutions/legislation/</a>, sec. 25, second paragraph, last sentence:</p> <p>“Unless the articles of incorporation or the by-laws provide for a greater majority, a majority of the number of directors or trustees as fixed in the articles of incorporation shall constitute a quorum for the transaction of corporate business, and every decision of at least a majority of the directors or trustees present at a meeting at which there is a quorum shall be valid as a corporate act, except for the election of officers which shall require the vote of a majority of all the members of the board.”</p> <p>The Company has not amended its articles and/or by-laws to either increase the quorum for Board meetings, or increase the minimum vote required for Board decisions. Under the current requirements for quorum and voting, Principle 4 is, overall, being achieved.</p>
“Principle 5: The Board should endeavor to exercise objective and independent judgment on all corporate affairs.”			
Recommendation 5.1			
“1. The Board has at least 3 independent directors or such number as to constitute one-third of the board, whichever is higher.”	Compliant	As set forth in the documents in <a href="http://www.act.com.ph">www.act.com.ph</a> , the Board of Directors has three Independent Directors.	
Recommendation 5.2			
“1. The independent directors possess all the qualifications and none of the disqualifications to hold the positions.”	Compliant	As set forth in the documents in <a href="http://www.act.com.ph">www.act.com.ph</a> , the three Independent Directors possess all the qualifications and none of the disqualifications to hold the positions.	
Supplement to Recommendation 5.2			
“1. Company has no shareholder agreements, by-laws provisions, or other arrangements that constrain the directors’ ability to vote independently.”	Compliant	There are no agreements or other arrangements that constrain the Directors’ ability to vote independently.	
Recommendation 5.3			
“1. The independent directors serve for a	Compliant	Since the cumulative term of nine years from 2012 would	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
cumulative term of nine years (reckoned from 2012)."	Compliant/Non-Compliant	end on 2021, and it is only 2018, then the current Independent Directors are still serving a cumulative term of nine years reckoned from 2012.	
"2. The company bars an independent director from serving in such capacity after the term limit of nine years."	Compliant	This prohibition is in the New Corporate Governance Manual, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 5.3, second sentence.	
"3. In the instance that the company retains an independent director in the same capacity after nine years, the board provides meritorious justification and seeks shareholders' approval during the annual shareholders' meeting."	Compliant	This requirement is in the New Corporate Governance Manual, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 5.3, last sentence.	
Recommendation 5.4			As set forth in the New Corporate Governance Manual, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 5.4, first sentence: "The Board, taking into consideration the Company's size, risk profile and complexity of operations, may decide that separate individuals should hold the positions of Chairman and CEO, with each having clearly defined responsibilities."
			The Board has not yet decided that separate individuals should hold the positions of Chairman and CEO. Nonetheless, this has not compromised the Board's independence since the Chairman and CEO still has just one vote. Thus, Principle 5 is still being achieved.
"1. The positions of Chairman of the Board and Chief Executive Officer are held by separate individuals."	Non-compliant		The responsibilities of the President and Chief Executive Officer are clearly defined in the Corporation Code, in <a href="http://www.ssc.gov.ph/laws-rules-decisions-and-resolutions/legislation/">www.ssc.gov.ph/laws-rules-decisions-and-resolutions/legislation/</a> , articles, by-laws, and the New Manual on Corporate Governance, and these are different from the Chairman's responsibilities.
Recommendation 5.4			The responsibilities of the President and Chief Executive Officer are clearly defined in the Corporation Code, in <a href="http://www.ssc.gov.ph/laws-rules-decisions-and-resolutions/legislation/">www.ssc.gov.ph/laws-rules-decisions-and-resolutions/legislation/</a> , articles, by-laws, and the New Manual on Corporate Governance, and these are different from the Chairman's responsibilities.
"2. The Chairman of the Board and Chief Executive Officer have clearly defined responsibilities."	Compliant		The Chairman of the Audit, Risk Management, and Related Party Transaction Committee, an Independent Director, becomes the "lead" Independent Director by reason of his Chairmanship of the said Committee.
Recommendation 5.6			
"1. Directors with material interest in a	Compliant	The Company strictly complies with the Corporation	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
transaction affecting the corporation abstain from taking part in the deliberations on the transaction.” Recommendation 5.7		Code, found in <a href="http://www.scc.gov.ph/laws-rules-decisions-and-resolutions/legislation/">www.scc.gov.ph/laws-rules-decisions-and-resolutions/legislation/</a> , sec. 33, which governs dealings by Directors, if any, with the Company.	
“1. The non-executive directors (NEDs) have separate periodic meetings with the external auditor and heads of the internal audit, compliance and risk functions, without any executive present.” “2. The meetings are chaired by the lead independent director.”	Compliant	As set forth in the New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph">www.acr.com.ph</a> , 5.7, “The Non-Executive Directors shall meet periodically with the external auditor and heads of the internal audit, compliance and risk functions without any Executive Directors present and an Independent Director shall chair these meetings.”	
Optional Principle 5			
“1. None of the directors is a former CEO of the company in the past 2 years.”	Compliant	As set forth in the filings and disclosures in <a href="http://www.acr.com.ph">www.acr.com.ph</a> , none of the Directors is a former Chief Executive Officer of the Company in the past 2 years.	
“Principle 6: The best measure of the Board’s effectiveness is through an assessment process. The Board should regularly carry out evaluations to appraise its performance as a body, and assess whether it possesses the right mix of backgrounds and competencies.” Recommendation 6.1			
“1. Board conducts an annual self-assessment of its performance as a whole.”	Compliant	As set forth in the Company’s New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 6.1, first sentence, the “Board shall conduct an annual self-assessment of its performance...”	
“2. The Chairman conducts a self-assessment of his performance.”	Compliant	As set forth in the Company’s New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 6.1, first sentence, the “Board shall conduct an annual self-assessment of the performance of the Chairman, which could include a self-assessment.”	
“3. The individual members conduct a self-assessment of their performance.”	Compliant	As set forth in the Company’s New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 6.1, first sentence, the “Board shall conduct an annual self-assessment of its performance”, which could include individual self-assessments.	
“4. Each committee conducts a self-assessment of its performance.”	Compliant	As set forth in the Company’s New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 6.1, first sentence, the “Board shall conduct an annual self-assessment of the ...committees”, which could include	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
“5. Every three years, the assessments are supported by an external facilitator.”	Compliant	self-assessments by each Committee.	As set forth in the Company’s New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 6.1, last sentence, “(e) every three years, the assessment should be supported by an independent third party.”
Recommendation 6.2			As set forth in the Company’s New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 6.2, “The Board shall establish a system that provides criteria and processes to assess its performance and that of individual Directors and committees, and allows for a feedback mechanism from the shareholders.”
“1. Board has in place a system that provides, at the minimum, criteria and process to determine the performance of the Board, individual directors and committees.” “2. The system allows for a feedback mechanism from the shareholders.”	Compliant		
“Principle 7: Members of the Board are duty-bound to apply high ethical standards, taking into account the interests of all stakeholders.”			
Recommendation 7.1			
“1. Board adopts a Code of Business Conduct and Ethics, which provide standards for professional and ethical behavior, as well as articulate acceptable and unacceptable conduct and practices in internal and external dealings of the company.”	Compliant	The Board has adopted a Code of Business Conduct and Ethics, found in <a href="http://www.acr.com.ph/company_policy.php">www.acr.com.ph/company_policy.php</a> , which Code provides standards for professional and ethical behavior. It also articulates acceptable and unacceptable conduct and practices in internal and external dealings of the Company.	
“2. The Code is properly disseminated to the Board, senior management and employees.”	Compliant	The Board properly disseminated the Code of Business Conduct and Ethics, found in <a href="http://www.acr.com.ph/company_policy.php">www.acr.com.ph/company_policy.php</a> , to the Board, senior management and employees.	
“3. The Code is disclosed and made available to the public through the company website.”	Compliant	The Code is disclosed and made available to the public through the Company website <a href="http://www.acr.com.ph/company_policy.php">www.acr.com.ph/company_policy.php</a> .	
Supplement to Recommendation 7.1			
“1. Company has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.”	Compliant	The Board has adopted a Code of Business Conduct and Ethics, in <a href="http://www.acr.com.ph/company_policy.php">www.acr.com.ph/company_policy.php</a> , which has clear and stringent policies and procedures on curbing and penalizing company involvement in offering, paying and receiving bribes.	
Recommendation 7.2			
“1. Board ensures the proper and efficient implementation and monitoring of	Compliant	The Board ensures the proper and efficient implementation and monitoring of compliance with the	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
compliance with the Code of Business Conduct and Ethics.”	Compliant	Code of Business Conduct and Ethics, found in <a href="http://www.acr.com.ph/company_policy.php">www.acr.com.ph/company_policy.php</a> , through the internal auditors.	
“2. Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies.”	Compliant	The Board ensures the proper and efficient implementation and monitoring of compliance with company internal policies through the internal auditors.	
“Principle 8: The company should establish corporate disclosure policies and procedures that are practical and in accordance with best practices and regulatory expectations.”			
Recommendation 8.1			
“1. Board establishes corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other stakeholders that gives a fair and complete picture of a company's financial condition, results and business operations.”	Compliant	The Company's New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 8.1, states: “The Board shall establish corporate disclosure policies and procedures to ensure a comprehensive, accurate, reliable and timely report to shareholders and other Stakeholders that gives a fair and complete picture of a Company's financial condition and business operations.”	
Supplement to Recommendation 8.1			
“1. Company distributes or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions. Consolidated financial statements are published within ninety (90) days from the end of the fiscal year, while interim reports are published within forty-five (45) days from the end of the reporting period.”	Compliant	As set forth in <a href="http://www.acr.com.ph/filings.php">www.acr.com.ph/filings.php</a> and in <a href="http://www.acr.com.ph/disclosure.php">www.acr.com.ph/disclosure.php</a> , the Company does distribute or makes available annual and quarterly consolidated reports, cash flow statements, and special audit revisions, and makes public consolidated financial statements within ninety (90) days from the end of the fiscal year, and interim reports within forty-five (45) days from the end of the reporting period.	
“2. Company discloses in its annual report the principal risks associated with the identity of the company's controlling shareholders; the degree of ownership concentration; cross-holdings among company affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the company.”	Compliant	As set forth in the annual reports in <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the Company discloses in its annual report: the principal risks associated with the identity of the Company's controlling shareholders; the degree of ownership concentration; cross-holdings among the Company's affiliates; and any imbalances between the controlling shareholders' voting power and overall equity position in the Company.	
Recommendation 8.2			
“1. Company has a policy requiring all directors to disclose/report to the company any dealings in the company's	Compliant	As the New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 8.2, states, “The Company shall require all Directors and officers to	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
shares within three business days.”	Non-Compliant	disclose/report to the Company any dealings in the Company’s shares within three business days.”	
“2. Company has a policy requiring all officers to disclose/report to the company any dealings in the company’s shares within three business days.”	Compliant		
Supplement to Recommendation 8.2			
“1. Company discloses the trading of the corporation’s shares by directors, officers (or persons performing similar functions) and controlling shareholders. This includes the disclosure of the company’s purchase of its shares from the market (e.g. share buy-back program).	Compliant	As the New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 8.2, states, “The Company shall require all Directors and officers to disclose/report to the Company any dealings in the Company’s shares within three business days.” This includes the disclosure of the Company’s purchase of its shares from the market, such as a share buy-back program.	
Recommendation 8.3			
“1. Board fully discloses all relevant and material information on individual board members to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.”	Compliant	As the New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 8.3, states, “The Board shall fully disclose all relevant and material information on individual Directors and Officers to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.”	
“2. Board fully discloses all relevant and material information on key executives to evaluate their experience and qualifications, and assess any potential conflicts of interest that might affect their judgment.”			
Recommendation 8.4			
“1. Company provides a clear disclosure of its policies and procedure for setting Board remuneration, including the level and mix of the same.”	Compliant	As the New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 8.4, first sentence, states, “The Company shall clearly disclose its policies and procedure for setting Board and executive remuneration, and the level and mix of the same...”	
“2. Company provides a clear disclosure of its policies and procedure for setting executive remuneration, including the level and mix of the same.”			
“3. Company discloses the remuneration on an individual basis, including termination.”	Compliant	As the New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 8.4, first sentence, states, “The Company shall clearly disclose its policies and procedure for setting Board and executive	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
Recommendation 8.5	<p>“1. Company discloses its policies governing Related Party Transactions (RPTs) and other unusual or infrequently occurring transactions in their Manual on Corporate Governance.”</p> <p>“2. Company discloses material or significant RPTs reviewed and approved during the year.”</p>	<p>As the New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a>, 8.5, first in part, states, “The Company shall disclose its policies on RPTs and other unusual or infrequently occurring transactions. The material or significant RPTs reviewed and approved during the year should be disclosed...”</p>	<p>However, Directors are not employees who are subject to “termination”, and as the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a>, 8.4, last sentence, states, “The Board shall balance the need to keep private sensitive information and the need to disclose the remuneration, termination, and/or retirement of individuals.”</p>
Supplement to Recommendation 8.5	<p>“1. Company requires directors to disclose their interests in transactions or any other conflict of interests.”</p>	<p>Compliant</p>	<p>The Company reminds its Directors of their duties and responsibilities, including those set forth in the Corporation Code, in <a href="http://www.sec.gov.ph/laws-rules-and-regulations/legislation/_sec-34">www.sec.gov.ph/laws-rules-and-regulations/legislation/_sec-34</a>.</p>
Optional Recommendation 8.5	<p>“1. Company discloses that RPTs are conducted in such a way to ensure that they are fair and at arms’ length.”</p>	<p>Compliant</p>	<p>In the event of a Board decision authorizing an RPT, the Company discloses that the provisions of the same are fair and at arms’ length.</p>
Recommendation 8.6	<p>“1. Company makes a full, fair, accurate and timely disclosure to the public of every material fact or event that occur, particularly on the acquisition or disposal of significant assets, which could adversely affect the viability or the interest of its shareholders and other stakeholders.”</p> <p>“2. Board appoints an independent party to evaluate the fairness of the transaction price on the acquisition or disposal of assets.”</p>	<p>Compliant</p>	<p>As the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a>, 8.6, states, “The Company shall make a full, fair, accurate and timely disclosure to the public of every material fact or event that occurs, particularly on the acquisition or disposal of significant assets that could adversely affect the viability or the interest of its shareholders and other stakeholders.”</p> <p>The Company engages independent financial consultants to evaluate the fairness of the transaction price on the acquisition or disposal of assets.”</p>
Supplement to Recommendation 8.6			

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
“1. Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the company.” Recommendation 8.7	Compliant	The Company discloses the existence, justification and details on shareholder agreements, voting trust agreements, confidentiality agreements, and such other agreements that may impact on the control, ownership, and strategic direction of the Company, if any such agreements were proposed.	
“1. Company’s corporate governance policies, programs and procedures are contained in its Manual on Corporate Governance (MCG).”	Compliant	As the New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 8.7, states: “The Company’s Corporate Governance policies, programs and procedures, once finalized and approved by the Board, should be posted on the Company’s website.”	
“2. Company’s MCG is submitted to the SEC and PSE.”	Compliant	The Company submitted its New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , to the SEC and to the PSE on 14 September 2017	
“3. Company’s MCG is posted on its company website.” Supplement to Recommendation 8.7	Compliant	The Company’s New Manual on Corporate Governance is found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> .	
“1. Company submits to the SEC and PSE an updated MCG to disclose any changes in its corporate governance practices.” Optional Principle 8	Compliant	The Company submitted to the SEC and to the PSE its Manual on Corporate Governance, then its Revised Manual on Corporate Governance, then its New Manual on Corporate Governance, all found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> .	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
<p>“1. Does the company’s Annual Report disclose the following information: (a) Corporate Objectives; (b) Financial performance indicators; (c) Non-financial performance indicators; (d) Dividend Policy; (e) Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies) of all directors; (f) Attendance details of each director in all directors meetings held during the year; (g) Total remuneration of each member of the board of directors.”</p>	Compliant	<p>Yes, the Annual Report, SEC Form 17-A, found in three parts in <a href="http://www.aci.com.ph/filings.php">www.aci.com.ph/filings.php</a>, and other documents therein, discloses the Company’s: (a) Corporate Objectives; (b) Financial performance indicators; (c) Non-financial performance indicators; (d) Dividend Policy; (e) Biographical details such as age, academic qualifications, date of first appointment, relevant experience, and other directorships in listed companies of all Directors; (f) Attendance details of each director in all directors meetings held during the year; (g) Total remuneration of each member of the board of directors.</p>	
<p>“2. The Annual Report contains a statement confirming the company’s full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.”</p>	Compliant	<p>The Annual Report, Part III, found in <a href="http://www.aci.com.ph/filings.php">www.aci.com.ph/filings.php</a>, contains the Company’s statement confirming the company’s full compliance with the Code of Corporate Governance and where there is non-compliance, identifies and explains reason for each such issue.</p>	
<p>“3. The Annual Report/Annual CG Report discloses that the board of directors conducted a review of the company’s material controls (including operational, financial and compliance controls) and risk management systems.”</p>	Compliant	<p>The Annual Report, SEC Form 17-A, found in three parts in <a href="http://www.aci.com.ph/filings.php">www.aci.com.ph/filings.php</a>, and other documents therein, discloses and demonstrates that the Board of Directors conducted a review of the Company’s material controls - including operational, financial and compliance controls- and risk management systems.</p>	
<p>“4. The Annual Report/Annual CG Report contains a statement from the board of directors or Audit Committee commenting on the adequacy of the company’s internal controls/risk management systems.”</p>	Compliant	<p>The Annual Report, SEC Form 17-A, found in three parts in <a href="http://www.aci.com.ph/filings.php">www.aci.com.ph/filings.php</a>, and other documents therein, disclose and demonstrate that the Board of Directors found the Company’s internal controls/risk management systems adequate.</p>	
<p>“5. The company discloses in the Annual Report the key risks to which the company is materially exposed to (i.e. financial, operational including IT, environmental, social, economic).”</p>	Compliant	<p>The Annual Report, SEC Form 17-A, found in three parts in <a href="http://www.aci.com.ph/filings.php">www.aci.com.ph/filings.php</a>, and other documents therein, disclose the key risks to which the Company is materially exposed.</p>	<p>“Principle 9: The company should establish standards for the appropriate selection of an external auditor, and exercise effective oversight of the same to strengthen the external auditor’s independence and enhance audit quality.”</p>
			<p>Recommendation 9.1</p>

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
“1. Audit Committee has a robust process for approving and recommending the appointment, reappointment, removal, and fees of the external auditors.”	Compliant	As the New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 9.1, first sentence states: “The Audit Committee shall have a robust process for approving and recommending the appointment, reappointment, removal, and the fees of the external auditor, subject to Board approval and shareholders’ ratification.”	
“2. The appointment, reappointment, removal, and fees of the external auditor is recommended by the Audit Committee, approved by the Board and ratified by the shareholders.”	Compliant	As the New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 9.1, second sentence states: “The reasons for removal or change of external auditor shall be disclosed to the regulators and the public through the Company website and required disclosures.”	
“3. For removal of the external auditor, the reasons for removal or change are disclosed to the regulators and the public through the company website and required disclosures.”	Compliant	As the New Manual on Corporate Governance, found in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 9.1, second sentence states: “The reasons for removal or change of external auditor shall be disclosed to the regulators and the public through the Company website and required disclosures.”	
Supplement to Recommendation 9.1	Compliant	The Company’s external auditor has a policy of rotating, and does rotate, the lead audit partner every five years.	
“1. Company has a policy of rotating the lead audit partner every five years.”	Compliant	The Company’s external auditor has a policy of rotating, and does rotate, the lead audit partner every five years.	
Recommendation 9.2	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 9.2 (a) through (c), “The Audit Committee charter shall include the Committee’s responsibility on: (a) assessing the integrity and independence of external auditors; (b) exercising effective oversight to review and monitor the external auditor’s independence and objectivity; (c) the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements; and (d) reviewing and monitoring the external auditor’s suitability and effectiveness on an annual basis.	
“1. Audit Committee Charter includes the Audit Committee’s responsibility on (i) assessing the integrity and independence of external auditors; (ii) exercising effective oversight to review and monitor the external auditor’s independence and objectivity; and (iii) exercising effective oversight to review and monitor the effectiveness of the audit process, taking into consideration relevant Philippine professional and regulatory requirements.”	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 9.2 (d), “The Audit Committee charter shall include the Committee’s responsibility on: ... (d) reviewing and monitoring the external auditor’s suitability and effectiveness on an annual basis.	
Supplement to Recommendation 9.2	Compliant	Annually, the Audit Committee conducts meetings with the external auditor to ensure that the latter is credible,	
“1. Audit Committee ensures that the external auditor is credible, competent	Compliant		

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.”		competent and has the ability to understand complex related party transactions, its counterparties, and valuations of such transactions.	
“2. Audit Committee ensures that the external auditor has adequate quality control procedures.”	Compliant	Annually, the Audit Committee conducts meetings with the external auditor during which the latter demonstrates to the Audit Committee that the external auditor has adequate quality control procedures.	
Recommendation 9.3			
“1. Company discloses the nature of non-audit services performed by its external auditor in the Annual Report to deal with the potential conflict of interest.”	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 9.3, first sentence, “The Company shall disclose the nature of non-audit services performed by its external auditor in the annual report to deal with the potential conflict of interest.”	
“2. Audit Committee stays alert for any potential conflict of interest situations, given the guidelines or policies on non-audit services, which could be viewed as impairing the external auditor’s objectivity.”	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 9.3, second sentence, “The Audit Committee shall be alert for any potential conflict of interest situations and follow guidelines or policies on non-audit services that could impair the external auditor’s objectivity.”	
Supplement to Recommendation 9.3			
“1. Fees paid for non-audit services do not outweigh the fees paid for audit services.”	Compliant	Fees paid by the Company to its external auditor for non-audit services, if any, do not outweigh the fees paid for audit services	
Additional Recommendation to Principle 9			
“1. Company’s external auditor is duly accredited by the SEC under Group A category.”	Compliant	As set forth in the SEC site <a href="http://www.sec.gov.ph">www.sec.gov.ph</a> , the Company’s external auditor is duly accredited by the SEC under Group A category.	
“2. Company’s external auditor agreed to be subjected to the SEC Oversight Assurance Review (SOAR) Inspection Program conducted by the SEC’s Office of the General Accountant (OGA).”	Compliant	Company’s external auditor has advised that they had agreed to be subjected to the SOAR Inspection Program conducted by the SEC’s OGA.	
“Principle 10: The company should ensure that material and reportable non-financial and sustainability issues are disclosed.”			
Recommendation 10.1			
“1. Board has a clear and focused policy on the disclosure of non-financial information, with emphasis on the management of economic,	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 10.1, “The Board shall formulate and implement a clear and focused policy on the disclosure of non-financial	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
environmental, social and governance (EESG) issues of its business, which underpin sustainability.”	Non-Compliant	information, with emphasis on the management of economic, environmental, social and governance issues of its business.”	
“2. Company adopts a globally recognized standard/framework in reporting sustainability and non-financial issues.”	Compliant	Through its external auditor, and consultants, the Company adopted a globally recognized standard in reporting sustainability and non-financial issues	
“Principle 11: The company should maintain a comprehensive and cost-efficient communication channel for disseminating relevant information. This channel is crucial for informed decision-making by investors, stakeholders and other interested users.”			
Recommendation 11.1 “1. Company has media and analysts’ briefings as channels of communication to ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.”	Compliant	The Company holds media and analysts’ briefings, which could serve as channels of communication that ensure the timely and accurate dissemination of public, material and relevant information to its shareholders and other investors.	
Supplement to Principle 11 Company has a website disclosing up-to-date information on the following: (a) Financial statements/reports (latest quarterly); (b) Materials provided in briefings to analysts and media; (c) Downloadable annual report; (d) Notice of ASM and/or SSM; (e) Minutes of ASM and/or SSM; and (f) Company’s Articles of Incorporation and By-Laws	Compliant	As set forth in the Company’s website, <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the same discloses up-to-date information on the Company’s (a) Financial statements/reports (latest quarterly); (b) Materials provided in briefings to analysts and media; (c) Downloadable annual report; (d) Notice of ASM; (e) Minutes of ASM; (f) Articles of Incorporation and By-Laws.	
Additional Recommendation to Principle 11 “1. Company complies with SEC-prescribed website template.”	Compliant	As demonstrated by the Company’s website, <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the Company complies with SEC-prescribed website template.	
Internal Control System and Risk Management Framework “Principle 12: To ensure the integrity, transparency and proper governance in the conduct of its affairs, the company should have a strong and effective internal control system and enterprise risk management framework.”			
Recommendation 12.1 “1. Company has an adequate and effective internal control system in the conduct of its business.”	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 12.1, “The Board, taking into account the Company’s size, risk profile and complexity of operations, may establish an adequate and effective Internal control system and an ERM framework in the conduct of the	
“2. Company has an adequate and effective enterprise risk management framework in the conduct of its business.”			

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
Supplement to Recommendation 12.1	Compliant	Company's business „	
“1. Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations that is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.”	Compliant	The Company has a formal comprehensive enterprise-wide compliance program covering compliance with laws and relevant regulations in the form of an internal audit, the activities for which is annually reviewed. The program includes appropriate training and awareness initiatives to facilitate understanding, acceptance and compliance with the said issuances.	
Recommendation 12.2	Compliant	“1. Company has a governance process on IT issues including disruption, cyber security, and disaster recovery, to ensure that all key risks are identified, managed and reported to the board.”	The Company engages the IT specialists to perform overwatch functions over the IT systems of the Company and its affiliates for any disruption, cyber security, and disaster recovery, and these specialists ensure that all key risks are identified, managed and reported to the Chairman of and for the Board.
Recommendation 12.3	Compliant	“1. Company has a qualified Chief Audit Executive (CAE) appointed by the Board.”	The Board annually appoints the qualified Mr. Esperidion D. Develos as its CAE.
“2. CAE oversees and is responsible for the internal audit activity of the organization, including that portion that is outsourced to a third party service provider.”	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 12.3, the CAE oversees and is responsible for the Company's internal audit activity, including – if any – that portion that is outsourced to a third party service provider.”	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 12.3, “in case of a fully outsourced internal audit activity, senior management personnel should be responsible for managing the said activity.”
Recommendation 12.4	Compliant	“3. In case of a fully outsourced internal audit activity, a qualified independent executive or senior management personnel is assigned the responsibility for managing the fully outsourced internal audit activity.”	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 12.4, “Subject to its size, risk profile and complexity of operations, the Board may establish a separate risk management function to identify, assess and monitor key
“1. Company has a separate risk management function to identify, assess and monitor key risk exposures.”	Compliant		

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
Supplement to Recommendation 12.4	Compliant	“risk exposures”	
“1. Company seeks external technical support in risk management when such competence is not available internally.”	Compliant	If, in the Board’s view, certain risks need to be evaluated and then managed by specialists, the Company will seek external technical support in risk identification and management when such competence is not available internally.	
Recommendation 12.5	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 12.5, “Subject to its size, risk profile and complexity of operations, the Board, in managing the Company’s risks, may appoint a chief risk officer, who is the ultimate champion of ERM and has adequate authority, stature, resources and support to fulfill his/her responsibilities	
“1. In managing the company’s Risk Management System, the company has a Chief Risk Officer (CRO), who is the ultimate champion of Enterprise Risk Management (ERM).” “2. CRO has adequate authority, stature, resources and support to fulfill his/her responsibilities.”	Compliant	Subject to its size, risk profile and complexity of operations, the Company’s Chief Executive Officer and Chief Audit Executive could attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	
Additional Recommendation to Principle 12	Compliant	Subject to its size, risk profile and complexity of operations, the Company’s Chief Executive Officer and Chief Audit Executive could attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	
“1. Company’s Chief Executive Officer and Chief Audit Executive attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.”	Compliant	Subject to its size, risk profile and complexity of operations, the Company’s Chief Executive Officer and Chief Audit Executive could attest in writing, at least annually, that a sound internal audit, control and compliance system is in place and working effectively.	
Cultivating a Synergic Relationship with Shareholders			
“Principle 13: The company should treat all shareholders fairly and equitably, and also recognize, protect and facilitate the exercise of their rights.”			
Recommendation 13.1	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , the Company discloses the rights of its shareholders.	
“1. Board ensures that basic shareholder rights are disclosed in the Manual on Corporate Governance.” “2. Board ensures that basic shareholder rights are disclosed on the company’s website.”	Compliant	As set forth in the Company’s website, <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the Company discloses the rights of its shareholders.	
Supplement to Recommendation 13.1	Compliant	This is provided for by the Corporation Code, found in <a href="http://www.sec.gov.ph/laws-rules-and-regulations/legislation/">www.sec.gov.ph/laws-rules-and-regulations/legislation/</a> , and the Company’s articles of incorporation, as amended, found in <a href="http://www.acr.com.ph">www.acr.com.ph</a> , and the Company complies with the law and its own articles.	
“1. Company’s common share has one vote for one share.” “2. Board ensures that all shareholders of the same class are treated equally with respect to voting rights, subscription	Compliant	This is provided for by the Corporation Code, found in <a href="http://www.sec.gov.ph/laws-rules-and-regulations/legislation/">www.sec.gov.ph/laws-rules-and-regulations/legislation/</a> , and the Company’s articles of incorporation, as amended,	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
rights and transfer rights.”	Non-Compliant	found in <a href="http://www.acr.com.ph/">www.acr.com.ph/</a> , and the Company complies with the law and its own articles.	
“3. Board has an effective, secure, and efficient voting system.”	Compliant	This is provided for by the Corporation Code, found in <a href="http://www.suc.gov.ph/laws-rules-and-regulations/legislation/">www.suc.gov.ph/laws-rules-and-regulations/legislation/</a> , and the Company's articles of incorporation, as amended, found in <a href="http://www.acr.com.ph/">www.acr.com.ph/</a> , and the Company complies with the law and its own articles of incorporation.	
“4. Board has an effective shareholder voting mechanisms such as supermajority or “majority of minority” requirements to protect minority shareholders against actions of controlling shareholders.”	Compliant	The Board has an effective shareholder voting mechanisms by complying with the Corporation Code, and other applicable laws as found in <a href="http://www.suc.gov.ph/laws-rules-and-regulations/legislation/">www.suc.gov.ph/laws-rules-and-regulations/legislation/</a> .	
“5. Board allows shareholders to call a special shareholders' meeting and submit a proposal for consideration or agenda item at the AGM or special meeting.”	Compliant	As set forth in the Corporation Code, found in <a href="http://www.suc.gov.ph/laws-rules-and-regulations/legislation/">www.suc.gov.ph/laws-rules-and-regulations/legislation/</a> , if ever duly and timely requested to do so, the Board would allow shareholders to call a special shareholders' meeting and submit a proposal for consideration or an agenda item at the annual or special meeting.	
“6. Board clearly articulates and enforces policies with respect to treatment of minority shareholders.”	Compliant	As found in the disclosures and filings in <a href="http://www.acr.com.ph/">www.acr.com.ph/</a> , at the annual meeting of the shareholders, or in dialogues with the shareholders, the Board clearly articulates and enforces policies with respect to treatment of minority shareholders.	
“7. Company has a transparent and specific dividend policy.”	Compliant	As found in the disclosures and filings in <a href="http://www.acr.com.ph/">www.acr.com.ph/</a> , the Company has a transparent and specific dividend policy, which it disclosed to the public via its website.	
Optional Recommendation 13.1		As found in the disclosures and filings in <a href="http://www.acr.com.ph/">www.acr.com.ph/</a> , when necessary, the Company appoints an independent party to count and validate the votes at the Annual Shareholders' Meeting.	
Recommendation 13.2		As set forth in <a href="http://www.acr.com.ph/disclosure.php">www.acr.com.ph/disclosure.php</a> , the Company disclosed the date of the annual shareholders' meeting on May 24 <sup>th</sup> , and therefore notified the shareholders of such a meeting, as early as February 22 <sup>nd</sup> .	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
Supplement to Recommendation 13.2			
“1. Company’s Notice of Annual Stockholders’ Meeting contains the following information:	Compliant	As set forth in the documents found in <a href="http://www.acr.com.ph/disclosure.php">www.acr.com.ph/disclosure.php</a> , the Company’s Notice of the Annual Stockholders’ Meeting is contained in its SEC Form 20-1S, and is therefore accompanied by the following information: (a) the profiles of Directors; (b) the Auditors seeking re-appointment; and (c) the proxy documents.	
“a. The profiles of directors (i.e., age, academic qualifications, date of first appointment, experience, and directorships in other listed companies)			
“b. Auditors seeking appointment/re-appointment			
“c. Proxy documents.”			
Optional Recommendation 13.2			
“1. Company provides rationale for the agenda items for the annual stockholders’ meeting.”	Compliant	As set forth in the documents found in <a href="http://www.acr.com.ph/disclosure.php">www.acr.com.ph/disclosure.php</a> , the Company’s Notice of the Annual Stockholders’ Meeting provides rationale for the agenda items for the said meeting.	
Recommendation 13.3			
“1. Board encourages active shareholder participation by making the result of the votes taken during the most recent Annual or Special Shareholders’ Meeting publicly available the next working day.”	Compliant	As found in the disclosures and filings in <a href="http://www.acr.com.ph/">www.acr.com.ph/</a> , the Company makes the result of the votes taken during the most recent Annual or Special Shareholders’ Meeting publicly available not later than the next working day.	
“2. Minutes of the Annual and Special Shareholders’ Meetings were available on the company website within five business days from the end of the meeting.”	Compliant	As found in the disclosures and filings in <a href="http://www.acr.com.ph/">www.acr.com.ph/</a> , the Company makes the approved minutes of the annual meeting available on the Company’s website within five business days from the end of the meeting.	
Supplement to Recommendation 13.3			
“1. Board ensures the attendance of the external auditor and other relevant individuals to answer shareholders’ questions during the ASM and SSM.”	Compliant	As found in the disclosures and filings in <a href="http://www.acr.com.ph/">www.acr.com.ph/</a> , the Board invites the Company’s external auditors to annual shareholders’ meeting, and they regularly attend.	
Recommendation 13.4			
“1. Board makes available, at the option of a shareholder, an alternative dispute mechanism to resolve intra-corporate disputes in an amicable and effective manner.”	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 13.3, “At the shareholder’s option, the shareholder may refer his/her dispute with the Company to arbitration in Makati City in accordance with the arbitration rules of the Philippine Dispute Resolution Center, Inc.	
“2. The alternative dispute mechanism is			

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
included in the company's Manual on Corporate Governance.”	Compliant	("PDRCI") in force at the time such arbitration is commenced. The arbitral tribunal shall consist of three (3) arbitrators, with the shareholder nominating one (1) arbitrator and the Company nominating another arbitrator. The two (2) arbitrators so chosen shall nominate a third arbitrator who shall serve as the presiding arbitrator. If either side fails to appoint an arbitrator or the two arbitrators appointed by the parties fail to agree on the choice of a presiding arbitrator, the chairman of the PDRCI shall make such appointments(s). The language of the arbitration proceedings shall be English. “	
Recommendation 13.5 “1. Board establishes an Investor Relations Office (IRO) to ensure constant engagement with its shareholders.” “2. IRO is present at every shareholder’s meeting.”	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.aci.com.ph/corp_governance.php">www.aci.com.ph/corp_governance.php</a> , 13.4, “Subject to the Company’s size, risk profile and complexity of operations, the Board may appoint an investor relations officer to constantly engage with its shareholders who should be present at every shareholders’ meeting.”	
Supplemental Recommendation to Principle 13 “1. Board avoids anti-takeover measures or similar devices that may entrench ineffective management or the existing controlling shareholder group.” “2. Company has at least thirty percent (30%) public float to increase liquidity in the market.”	Compliant	The Company has no anti-takeover measures or similar devices that entrench ineffective management, or the existing controlling shareholder group.	
Optional Principle 13 “1. Company has policies and practices to encourage shareholders to engage with the company beyond the Annual Stockholders’ Meeting.”	Compliant	The Company has policies and practices to encourage shareholders to engage with the Company beyond the Annual Stockholders’ Meeting as set forth in found in its Investors Relations Program in <a href="http://www.aci.com.ph/investors_rel_program_ph">www.aci.com.ph/investors_rel_program_ph</a> .	
Duties to Shareholders		“Principle 14: The rights of stakeholders established by law, by contractual relations and through voluntary commitments must be respected. Where stakeholders’ rights and/or interests are at stake, stakeholders should have the opportunity to obtain prompt effective redress for the violation of their rights.”	
Recommendation 14.1			

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
“1. Board identifies the company’s various stakeholders and promotes cooperation between them and the company in creating wealth, growth and sustainability.”	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 14.1, “Subject to the Company’s size, risk profile and complexity of operations, the Board shall identify the Company’s various Stakeholders and cooperate with them to create wealth, growth and sustainability.”	
Recommendation 14.2			
“1. Board establishes clear policies and programs to provide a mechanism on the fair treatment and protection of stakeholders.”	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 14.2, “Subject to the Company’s size, risk profile and complexity of operations, the Board shall establish clear policies and programs to provide a mechanism on the fair treatment and protection of Stakeholders.”	
Recommendation 14.3			
“1. Board adopts a transparent framework and process that allow stakeholders to communicate with the company and to obtain redress for the violation of their rights.”	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 14.3, “The Board hereby adopts a transparent framework and process to allow Stakeholders to communicate with the Company and to obtain redress for the violation of their rights.”	
Supplement to Recommendation 14.3			
“1. Company establishes an alternative dispute resolution system so that conflicts and differences with key stakeholders is settled in a fair and expeditious manner.”	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 13.3, “At the shareholder’s option, the shareholder may refer his/her dispute with the Company to arbitration in Makati City in accordance with the arbitration rules of the Philippine Dispute Resolution Center, Inc. (“PDRCI”) in force at the time such arbitration is commenced. The arbitral tribunal shall consist of three (3) arbitrators, with the shareholder nominating one (1) arbitrator and the Company nominating another arbitrator. The two (2) arbitrators so chosen shall nominate a third arbitrator who shall serve as the presiding arbitrator. If either side fails to appoint an arbitrator or the two arbitrators appointed by the parties fail to agree on the choice of a presiding arbitrator, the chairman of the PDRCI shall make such appointment(s). The language of the arbitration proceedings shall be English.”	
Additional Recommendation to Principle 14			

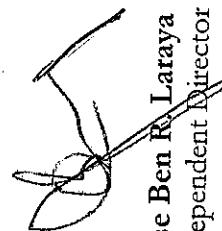
Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
“1. Company does not seek any exemption from the application of a law, rule or regulation especially when it refers to a corporate governance issue. If an exemption was sought, the company discloses the reason for such action, as well as presents the specific steps being taken to finally comply with the applicable law, rule or regulation.”	Compliant	The Company does not seek any exemption from the application of a law, rule or regulation. If it does seek an exemption from corporate governance recommendation, the Company discloses the reason for such action, and presents – if applicable – the specific steps to finally comply with the corporate governance recommendation.	
“2. Company respects intellectual property rights.”	Compliant	Since the laws protect intellectual property rights, the Company respects such intellectual property rights.	
“ Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.”		“ Principle 15: A mechanism for employee participation should be developed to create a symbiotic environment, realize the company's goals and participate in its corporate governance processes.”	
Recommendation 15.1			
“1. Board establishes policies, programs and procedures that encourage employees to actively participate in the realization of the company's goals and in its governance.”	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 15.1, “Subject to the Company's size, risk profile and complexity of operations, the Board shall establish policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and in its governance.”	
Supplement to Recommendation 15.1			
“1. Company has a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.”	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 15.1, “Subject to the Company's size, risk profile, and complexity of operations, the Board will formulate a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures.”	
“2. Company has policies and practices on health, safety and welfare of its employees.”	Compliant	The Company's policies and practices on health, safety and welfare of its employees, if any, are set forth in <a href="http://www.acr.com.ph/company_policy.php">www.acr.com.ph/company_policy.php</a> , in the Health, Safety and Welfare policy.	
“3. Company has policies and practices on training and development of its employees.”	Compliant	As set forth in the documents in forth in <a href="http://www.acr.com.ph">www.acr.com.ph</a> , the Company has policies and practices on training and development of its employees, if any.	
Recommendation 15.2			
“1. Board sets the tone and makes a stand against corrupt practices by adopting an anti-corruption policy and program in its	Compliant	As set forth in the policies in <a href="http://www.acr.com.ph/company_policy.php">www.acr.com.ph/company_policy.php</a> , the Board adopted an anti-corruption policy and program in its	

Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
<b>Code of Conduct</b>		Code of Business Conduct and Ethics, thereby setting the tone and making a stand against corrupt practices.	
“2. Board disseminates the policy and program to employees across the organization through trainings to embed them in the company’s culture.”	Compliant	Through the Group’s Human Resources Department, the Board disseminates its Code of Business Conduct and Ethics, found in <a href="http://www.acr.com.ph/code_business_conduct.php">www.acr.com.ph/code_business_conduct.php</a> , to employees of the Group through training sessions to embed the same in the culture of the employees of the Group and, if any, of the Company.	
Supplement to Recommendation 15.2			
“1. Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.”	Compliant	As set forth in the policies in <a href="http://www.acr.com.ph/company_policy.php">www.acr.com.ph/company_policy.php</a> , the Company has clear and stringent policies and procedures on curbing and penalizing employee involvement in offering, paying and receiving bribes.	
Recommendation 15.3			
“1. Board establishes a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.”	Compliant	As set forth in <a href="http://www.acr.com.ph/company_policy.php">www.acr.com.ph/company_policy.php</a> , Whistle Blowing policy, the Board established a suitable framework for whistleblowing that allows employees to freely communicate their concerns about illegal or unethical practices, without fear of retaliation.	
“2. Board establishes a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.”	Compliant	As set forth in <a href="http://www.acr.com.ph/company_policy.php">www.acr.com.ph/company_policy.php</a> , Whistle Blowing policy, the Board established a suitable framework for whistleblowing that allows employees to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.	
“3. Board supervises and ensures the enforcement of the whistleblowing framework.”	Compliant	As set forth in <a href="http://www.acr.com.ph/company_policy.php">www.acr.com.ph/company_policy.php</a> , Whistle Blowing policy, the Board supervises and ensures the enforcement of the whistleblowing framework.	
“Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.”		“Principle 16: The company should be socially responsible in all its dealings with the communities where it operates. It should ensure that its interactions serve its environment and stakeholders in a positive and progressive manner that is fully supportive of its comprehensive and balanced development.”	
Recommendation 16.1			
“1. Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that allows the company to grow its business, while contributing to the advancement of the society where it	Compliant	As set forth in the New Manual on Corporate Governance, in <a href="http://www.acr.com.ph/corp_governance.php">www.acr.com.ph/corp_governance.php</a> , 16.1, “The Company recognizes the interdependence of business and society, and promotes a mutually beneficial relationship that allows the Company to grow its business while contributing to the advancement of society.”	

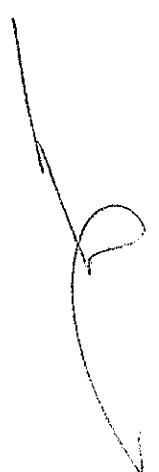
Recommended CG Practice/Policy	Compliant/Non-Compliant	Additional Information	Explanation
“1. Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development.”	Compliant	The Company ensures that its value chain is environmentally friendly or is consistent with promoting sustainable development by requiring its operating subsidiaries to comply with all requirements imposed by the Department of Environment and Natural Resources, and/or Environment Impact permits.	
“2. Company exerts effort to interact positively with the communities in which it operates.”	Compliant	The Company’s operating subsidiaries exert efforts to interact positively with the communities in which they operate by carrying out the Company’s Corporate Social Responsibility programs in such communities through the Alcantara Foundation, as found in <a href="http://www.acr.com.ph/investor_sub_b.php">www.acr.com.ph/investor_sub_b.php</a> .	



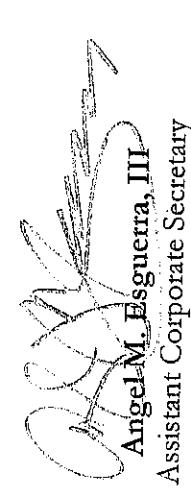
Tomas I. Alcantara  
Chairman of the Board and President



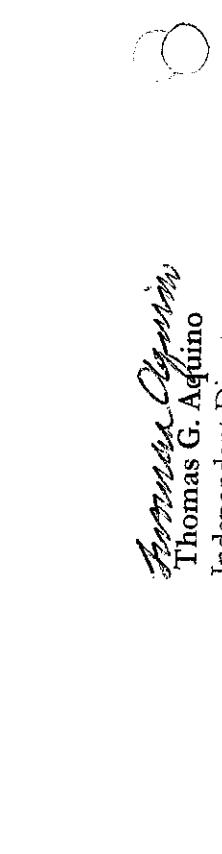
Jose Ben R. Laraya  
Independent Director



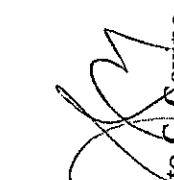
Robert F. Yenko  
Compliance Officer



Angel M. Esguerra, III  
Assistant Corporate Secretary



Thomas G. Aquino  
Independent Director



Jacinto C. Gavino, Jr.  
Independent Director

SUBSCRIBED AND SWORN to before me on this 28<sup>th</sup> day of May 2018 at Paranaque City, affiants having exhibited to me competent evidence of their identity consisting of the following, with their respective photograph and signature.

Name	ID Type &/or Nº	Place and date of Issue
Tomas I. Alcantara	CRN-0111-0521374-6	
Robert F. Yenko	N01-16-031117	San Juan City/05-12-2016
Angel M. Bsguerra, III	Passport ID No. P0613689A	DFA, NCR South/10-12-2016
Jose Ben R. Laraya	Passport ID No. P3765185A	DFA, NCR East/07-22-2017
Jacinto C. Gavino, Jr.	Passport ID No. EC0158058	DFA, NCR East/01-29-2014
Thomas G. Aquino	Passport ID No. P3599859A	DFA, Manila/07-06-2017

Doc. No. 298  
 Page No. 6  
 Book No. 6  
 Series of 2018

Notary Public

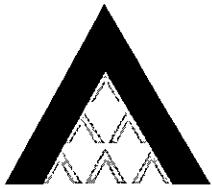
  
 ATTY. VALMA HILDA VILLANUEVA FABELLA  
 NOTARY PUBLIC  
 UNTIL DECEMBER 31, 2018  
 PTS No. 1237637 / 1495-2018 / P'QUÉ  
 IBS No. 022946 / 103-2018 / P'PLM  
 ROLL No. 213901  
 NOT. CO. NO. 118-2017 / 1-5-2017

**Exhibit 1**

**AUDITED FINANCIAL STATEMENTS**

**DECEMBER 31, 2018 AND 2017**

**And Years Ended December 31, 2018, 2017 and 2016**



**Alsons Consolidated Resources, Inc.**  
(Listed in the Philippine Stock Exchange Trading Symbol "ACR")  
2nd Floor, Alsons Building  
2286 Chino Roces Ext., (formerly P. Tamo Ext.) Makati City  
1231 Metro Manila Philippines  
Tel. Nos.: (632) 982-3000 Fax Nos.: (632) 982-3077  
Website: [www.acr.com.ph](http://www.acr.com.ph)

### **STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS**

**SECURITIES AND EXCHANGE COMMISSION,  
Secretariat Building, PICC Complex  
Roxas Boulevard, Pasay City**

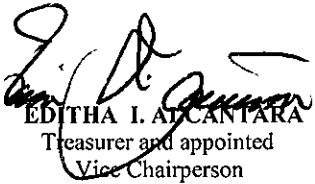
The management of Alsons Consolidated Resources, Inc., is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, for the years ended December 31, 2018 and 2017, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein, and submits the same to the stockholders.

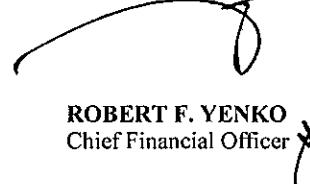
SyCip Gorres Velayo & Co., the independent auditors appointed by the stockholders, has audited the consolidated financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.



**EDITHA I. ALCANTARA**  
Treasurer and appointed  
Vice Chairperson



**TIRSO G. SANTILLAN, JR.**  
Executive Vice-President &  
Acting Chief Executive Officer

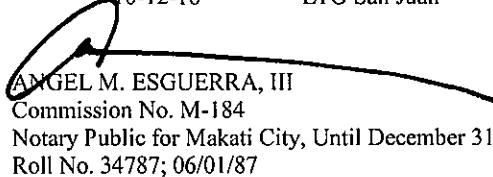
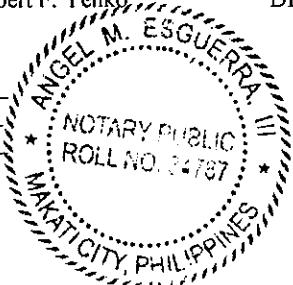


**ROBERT F. YENKO**  
Chief Financial Officer

SUBSCRIBED AND SWORN to before me this APR 12 2019 affiants exhibiting to me their Identifications, as follows:

Name	Identification No.	Date	Place of Issue
Editha I. Alcantara	PP#EC4769595	07-29-15	DFA NCR South
Tirso G. Santillan, Jr.	DL#N17-72-000977	12-13-18	LTO QC
Robert F. Yenko	DL#N01-16-031117	10-12-16	LTO San Juan

Doc No. 506  
Page No. 103  
Book No. II  
Series of 2019



**ANGEL M. ESGUERRA, III**  
Commission No. M-184  
Notary Public for Makati City, Until December 31, 2019  
Roll No. 34787; 06/01/87  
IBP Lifetime No. 00259; 06/01/1995; Pasay Chapter  
PTR OR No. 7344120; 01/08/19; Makati City  
Alsons Bldg., 2286 Chino Roces Ave., Makati City

C02388-20

## SECURITIES AND EXCHANGE COMMISSION SEC FORM 17-C

### CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

Apr 12, 2019

2. SEC Identification Number

59366

3. BIR Tax Identification No.

001-748-412

4. Exact name of issuer as specified in its charter

ALSONS CONSOLIDATED RESOURCES, INC.

5. Province, country or other jurisdiction of incorporation

PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

ALSONS BLDG., 2286 CHINO ROCES AVE MAKATI CITY

Postal Code

1231

8. Issuer's telephone number, including area code

(632) 982-3000

9. Former name or former address, if changed since last report

N/A

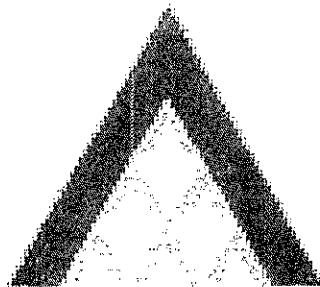
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK P1.00/PAR VALUE	6,291,500,000

11. Indicate the item numbers reported herein

-

corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



## Alsons Consolidated Resources, Inc. ACR

### PSE Disclosure Form 4-8 - Change in Directors and/or Officers (Resignation/Removal or Appointment/Election) References: SRC Rule 17 (SEC Form 17-C) and Section 4.4 of the Revised Disclosure Rules

#### Subject of the Disclosure

"ALSONS ANNOUNCES KEY APPOINTMENTS"

#### Background/Description of the Disclosure

The appointment of Editha I. Alcantara as Vice-Chair of the company's Board of Directors and Tirso G. Santillan, as acting Chief Executive Officer (CEO).

Ms. Alcantara is also currently ACR Treasurer while Mr. Santillan is the company's executive vice president. Both Ms. Alcantara and Mr. Santillan currently sit as directors in the ACR board.

#### Resignation/Removal or Replacement

Name of Person	Position/Designation	Effective Date of Resignation/Cessation of term (mmm/dd/yyyy)	Reason(s) for Resignation/Cessation
N.A.	N.A.	-	

#### Election or Appointment

Name of Person	Position/Designation	Date of Appointment/Election (mmm/dd/yyyy)	Effective Date of Appointment Election (mmm/dd/yyyy)	Shareholdings in the Listed Company	Nature of Indirect Ownership
				Direct	Indirect
N.A.	N.A.	-	-	0	0 N.A.

#### Promotion or Change in Designation

Name of Person	Position/Designation	Date of Approval	Effective Date of	Shareholdings in the Listed Company	Nature of Indirect

From	To	(mmm/dd/yyy)	Change (mmm/dd/yyy)	Direct	Indirect	Ownership
Editha I. Alcantara	Director/Treasurer	Director/Treasurer and Vice Chair	04/11/2019	04/11/2019	100,000	0 N.A.
Tirso G. Santillan, Jr.	Director/EVP	Director/EVP and CEO	04/11/2019	04/11/2019	1	0 N.A.

**Other Relevant Information**

Please see attached press release.

**Filed on behalf by:**

Name	Jose Saldivar, Jr.
Designation	Finance Manager



## INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors  
Alsons Consolidated Resources, Inc.  
Alsons Building, 2286 Chino Roces Avenue  
Makati City, Metro Manila, Philippines

### Opinion

We have audited the consolidated financial statements of Alsons Consolidated Resources, Inc. and its subsidiaries (the Group), which comprise the consolidated balance sheets as at December 31, 2018 and 2017, and the consolidated statements of income, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2018, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2018 in accordance with Philippine Financial Reporting Standards (PFRSs).

### Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



***Recoverability of Goodwill***

Under PAS 36, *Impairment of Assets*, the Group is required to review the goodwill for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As at December 31, 2018, the Group's goodwill that is attributable to its two power generation cash-generating units (CGUs) amounted to ₦807 million, which is significant to the consolidated financial statements. In addition, management's assessment process requires significant management judgment about future market conditions and estimation based on assumptions involving probability-weighted cash flows for non-firm contracts, tariff rates, contracted and dispatchable capacity and discount rates.

The Group's disclosures about goodwill are included in Note 14 to the consolidated financial statements.

***Audit Response***

We involved our internal specialist in evaluating the methodology and the assumptions used, which included probabilities assigned to each scenario to arrive at probability-weighted cash flows for non-firm contracts, tariff rates, contracted and dispatchable capacity and discount rates. We reviewed the probabilities assigned to each scenario against the demand-supply situation and specific circumstances and requirements of the service areas and the milestones that management has achieved as of reporting date. We also compared the other key assumptions used, such as contracted and dispatchable capacity against the historical performance of the CGUs, market outlook and other relevant external data. For tariff rates, we compared the rates used against the rates in the provisionally approved power sales agreements and other relevant external data. We tested the parameters used in the determination of the discount rates against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically, those that have the most significant effect on the determination of the recoverable amount of goodwill.

***Valuation of Unquoted Investment in Alsons Development & Investment Corporation (Aldevinco)***

The Group's equity instruments designated at fair value through other comprehensive income (FVTOCI) include an investment in unquoted preferred shares of Aldevinco amounting to ₦2,200 million, comprising 5% of total consolidated assets as at December 31, 2018. This matter is significant to our audit because determining the fair value of an unquoted equity instrument is inherently subjective as it involves the use of valuation inputs that are not market observable. Management also applied judgment in selecting the valuation technique and assumption to be used considering the information available to the Group.

The Group's disclosures about its investment in unquoted equity investment designated at FVTOCI are included in Note 13 to the consolidated financial statements.



*Audit Response*

We involved our internal specialist in evaluating the valuation technique and the assumptions used, which include the fair values of the investee's identifiable assets and liabilities. We compared the key assumptions used against market values and other relevant external data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the valuation is most sensitive; specifically, those that have the most significant effect on the determination of the fair value of the unquoted equity investment.

*Adoption of PFRS 15, Revenue from Contracts with Customers*

Effective January 1, 2018, the Group adopted the new revenue recognition standard, PFRS 15, *Revenue from Contracts with Customers*, under the modified retrospective approach. The adoption of PFRS 15 resulted in significant changes in the Group's revenue recognition policies, process and procedures. The adoption of PFRS 15 is key audit matter because this involves the application of significant judgment and estimation in identifying performance obligations and determining the timing of satisfaction of those performance obligations.

In applying PFRS 15, the Group identified the contracted capacity and the energy delivered to the customers as distinct services but are combined and considered as one performance obligation because they qualify as a series of distinct services that are substantially the same and have the same pattern of transfer. Meanwhile, the Group determined that the timing of revenue recognition occurs over time and applied the output method in determining the measure of progress based on the actual electricity supplied to the customers. As a result, the Group recognized revenue on a straight-line basis for fixed capacity payments and based on actual electricity consumption for variable energy payments.

The disclosures related to the adoption of PFRS 15 are included in Note 2 to the consolidated financial statements.

*Audit Response*

We obtained an understanding of the Group's process in implementing the new revenue recognition standard. We reviewed the PFRS 15 adoption papers and accounting policies prepared by management, including revenue streams identification and scoping, and contract analysis.

For significant revenue streams with changes in the accounting treatment and significant transition adjustments, we reviewed the transition adjustment calculation prepared by management. We also reviewed the contracts covered by the transition adjustment calculation to determine if all open contracts were considered in the assessment.

In addition, we reviewed the contracts and checked whether the Group's timing of revenue recognition is based on when the performance occurs and control of the related services is transferred to the customers. We also reviewed the relevant disclosures based on the requirements of PFRS 15.



**Other Information**

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2018 are expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

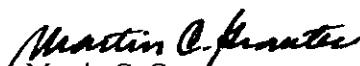


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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Martin C. Guantes.

SYCIP GORRES VELAYO & CO.



Martin C. Guantes

Partner

CPA Certificate No. 88494

SEC Accreditation No. 0325-AR-4 (Group A),  
August 23, 2018, valid until August 22, 2021

Tax Identification No. 152-884-272

BIR Accreditation No. 08-001998-52-2018,

February 26, 2018, valid until February 25, 2021

PTR No. 7332557, January 3, 2019, Makati City

March 21, 2019



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

	<b>December 31</b>	
	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents (Note 7)	₱3,474,561,841	₱4,383,802,048
Short-term cash investments (Note 7)	262,952,916	258,319,976
Trade and other receivables (Notes 8 and 20)	2,611,221,442	2,509,001,577
Spare parts and supplies - at cost (Note 9)	682,741,033	687,330,947
Real estate inventories (Note 10)	631,565,395	638,560,688
Prepaid expenses and other current assets (Notes 15 and 18)	1,240,571,129	780,007,296
<b>Total Current Assets</b>	<b>8,903,613,756</b>	<b>9,257,022,532</b>
<b>Noncurrent Assets</b>		
Noncurrent portion of installment receivables (Note 8)	4,019,641	6,319,792
Investments in real estate (Note 10)	191,436,343	181,102,370
Investments in associates (Note 11)	2,209,533,587	2,176,644,762
Advances to contractors	97,932,769	–
Property, plant and equipment (Note 12)	27,137,641,252	22,729,706,881
Equity instruments designated at fair value through other comprehensive income (FVTOCI) [Note 13]	2,358,327,598	–
Available-for-sale (AFS) financial assets (Note 13)	–	2,353,233,021
Goodwill (Note 14)	806,687,320	806,687,320
Net retirement benefits assets (Note 28)	20,450,756	26,160,832
Contract asset (Notes 6 and 8)	1,080,416,000	–
Deferred financing cost (Note 18)	39,796,992	157,956,627
Deferred income tax assets - net (Note 29)	43,393,316	35,454,305
Other noncurrent assets	598,573,648	506,424,762
<b>Total Noncurrent Assets</b>	<b>34,588,209,222</b>	<b>28,979,690,672</b>
<b>TOTAL ASSETS</b>	<b>₱43,491,822,978</b>	<b>₱38,236,713,204</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities (Note 16)	₱4,657,904,845	₱3,726,252,547
Loans payable (Note 17)	354,895,860	975,708,681
Short-term notes payable (Note 17)	95,163,413	–
Income tax payable	10,207,718	19,367,867
Current portion of long-term debts (Note 18)	1,161,893,431	869,013,234
<b>Total Current Liabilities</b>	<b>6,280,065,267</b>	<b>5,590,342,329</b>
<b>Noncurrent Liabilities</b>		
Long-term debts - net of current portion (Note 18)	21,619,760,478	17,840,908,713
Deferred income tax liabilities - net (Note 29)	849,195,409	739,187,192
Net retirement benefits liabilities (Note 28)	37,952,129	30,900,051
Decommissioning liability (Notes 12 and 19)	199,409,217	205,731,535
<b>Total Noncurrent Liabilities</b>	<b>22,706,317,233</b>	<b>18,816,727,491</b>
<b>Total Liabilities</b>	<b>28,986,382,500</b>	<b>24,407,069,820</b>

(Forward)



	<b>December 31</b>	
	<b>2018</b>	<b>2017</b>
<b>Equity (Note 21)</b>		
Capital stock	<b>₱6,331,283,333</b>	₱6,326,883,333
Equity reserves	<b>2,518,570,606</b>	2,494,305,135
Retained earnings:		
Unappropriated	<b>1,344,989,831</b>	887,872,315
Appropriated	<b>1,300,000,000</b>	1,300,000,000
Attributable to equity holders of the Parent Company	<b>11,494,843,770</b>	11,009,060,783
Non-controlling interests (Notes 1 and 21)	<b>3,010,596,708</b>	2,820,582,601
<b>Total Equity</b>	<b>14,505,440,478</b>	13,829,643,384
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>₱43,491,822,978</b>	₱38,236,713,204

*See accompanying Notes to Consolidated Financial Statements.*



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

	<b>Years Ended December 31</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>REVENUE:</b>			
Revenue from contract with customers (Notes 2 and 6)	₱6,654,220,237	₱—	₱—
Rental income (Note 30)	12,050,882	12,158,045	12,139,877
Energy fees (Note 33)	—	6,494,068,927	7,077,431,332
Management fees (Note 33)	—	—	7,610,515
Real estate sales (Note 33)	—	12,673,806	9,616,156
	<b>6,666,271,119</b>	<b>6,518,900,778</b>	<b>7,106,797,880</b>
<b>COSTS AND EXPENSES</b>			
Cost of services (Note 22)	(4,672,776,589)	(4,573,651,777)	(4,679,482,911)
Cost of real estate sold (Note 10)	(7,478,621)	(9,498,425)	(4,982,828)
General and administrative expenses (Note 23)	(487,134,253)	(562,111,244)	(530,807,093)
	<b>(5,167,389,463)</b>	<b>(5,145,261,446)</b>	<b>(5,215,272,832)</b>
<b>OTHER INCOME (CHARGES)</b>			
Finance charges (Note 26)	(1,185,892,672)	(1,200,295,515)	(865,152,744)
Interest income (Notes 7 and 18)	62,966,406	37,863,224	41,961,539
Others - net (Note 27)	326,728,361	70,152,948	(155,059,373)
	<b>(796,197,905)</b>	<b>(1,092,279,343)</b>	<b>(978,250,578)</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>702,683,751</b>	<b>281,359,989</b>	<b>913,274,470</b>
<b>PROVISION FOR INCOME TAX (Note 29)</b>			
Current	86,586,212	143,551,013	206,066,372
Deferred	53,144,742	34,331,187	71,420,419
	<b>139,730,954</b>	<b>177,882,200</b>	<b>277,486,791</b>
<b>NET INCOME</b>	<b>₱562,952,797</b>	<b>₱103,477,789</b>	<b>₱635,787,679</b>
Net income (loss) attributable to:			
Equity holders of the Parent Company	₱93,500,832	(₱21,033,147)	₱316,595,386
Non-controlling interests	469,451,965	124,510,936	319,192,293
	<b>₱562,952,797</b>	<b>₱103,477,789</b>	<b>₱635,787,679</b>
Basic/diluted earnings (loss) per share attributable to equity holders of the Parent Company (Note 21)	<b>₱0.015</b>	<b>(₱0.004)</b>	<b>₱0.050</b>

*See accompanying Notes to Consolidated Financial Statements.*



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

	<b>Years Ended December 31</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>NET INCOME</b>	<b>₱562,952,797</b>	<b>₱103,477,789</b>	<b>₱635,787,679</b>
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial gains (losses) on defined benefit plan (Note 28)	1,638,226	(3,141,328)	(5,927,934)
Effect of changes in asset ceiling (Note 28)	—	3,056,014	14,388,164
Tax effect (Note 29)	(4,666,611)	(246,394)	825,575
	<b>(3,028,385)</b>	<b>(331,708)</b>	<b>9,285,805</b>
Net changes in fair values of equity instruments designated at FVTOCI (Note 13)	12,024,309	—	—
	<b>8,995,924</b>	<b>(331,708)</b>	<b>9,285,805</b>
<i>Items that will be reclassified to profit or loss:</i>			
Unrealized gains (losses) on fair valuation of AFS financial assets (Note 13)	—	9,602,718	(1,942,968)
Translation adjustments	15,311,495	1,155,929	12,232,870
	<b>15,311,495</b>	<b>10,758,647</b>	<b>10,289,902</b>
<b>TOTAL OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>24,307,419</b>	<b>10,426,939</b>	<b>19,575,707</b>
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>₱587,260,216</b>	<b>₱113,904,728</b>	<b>₱655,363,386</b>
Total comprehensive income (loss) attributable to:			
Equity holders of the Parent Company	₱119,870,916	(₱10,023,797)	₱327,898,507
Non-controlling interests	467,389,300	123,928,525	327,464,879
	<b>₱587,260,216</b>	<b>₱113,904,728</b>	<b>₱655,363,386</b>

*See accompanying Notes to Consolidated Financial Statements.*



**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2018, 2017 AND 2016**

Attributable to Equity Holders of the Parent Company						
Capital Stock (Note 21)	Remeasurement Gains (Losses) on Defined Benefit Plan (Notes 21 and 28)	Unrealized Gains (Losses) on AFS Financial Assets (Notes 13 and 28)	Cumulative Translation Adjustments (Notes 13 and 21)	Equity Reserves (Note 21)	Retained Earnings (Note 21)	
					Total	Non-controlling Interest (Note 1)
<b>BALANCES AS AT DECEMBER 31, 2015</b>	<b>₱6,318,083,333</b>	<b>₱5,753,023</b>	<b>(₱50,979,995)</b>	<b>₱1,667,389,765</b>	<b>₱1,767,643,490</b>	<b>₱10,183,374,008</b>
Net income	—	—	—	—	316,595,386	₱10,600,115,970
Other comprehensive income (loss)	—	(996,789)	(1,942,968)	9,810,200	6,870,443	319,192,293
Total comprehensive income (loss)	—	(996,789)	(1,942,968)	9,810,200	6,870,443	63,578,679
Collection of subscriptions receivable	4,400,000	—	—	—	—	11,303,121
Cash dividends declaration (Note 21)	—	—	—	—	—	8,272,586
<b>BALANCES AS AT DECEMBER 31, 2016</b>	<b>₱6,322,483,333</b>	<b>4,756,234</b>	<b>(₱2,921,963)</b>	<b>1,677,199,965</b>	<b>145,480,697</b>	<b>₱10,183,374,008</b>
Net income (loss)	—	—	—	—	(105,064,000)	—
Other comprehensive income (loss)	—	(105,414)	9,602,718	1,153,833	(21,033,147)	4,400,000
Total comprehensive income (loss)	—	(105,414)	9,602,718	1,153,833	10,651,137	—
Collection of subscriptions receivable	4,400,000	—	—	—	358,213	11,009,350
Cash dividends declaration (Note 21)	—	—	—	—	—	(10,023,797)
Additional investment in a subsidiary (Note 1)	—	—	—	—	—	—
Disposal of a subsidiary without loss of control (Note 1)	—	—	—	—	—	1,125,000,000
<b>BALANCES AS AT DECEMBER 31, 2017</b>	<b>₱6,326,883,333</b>	<b>₱4,650,820</b>	<b>(₱43,320,245)</b>	<b>₱1,678,353,798</b>	<b>₱854,620,762</b>	<b>₱1,300,000,000</b>
BALANCES AS AT JANUARY 1, 2018, AS PREVIOUSLY REPORTED	₱6,226,883,333	₱4,650,820	(₱43,320,245)	₱1,678,353,798	₱854,620,762	₱1,300,000,000
Effect of adoption of PFRS 15, Revenue from Contracts with Customers (Note 3)	—	—	—	—	—	—
<b>BALANCES AS AT JANUARY 1, 2018, AS ADJUSTED</b>	<b>₱6,326,883,333</b>	<b>4,650,820</b>	<b>(₱43,320,245)</b>	<b>1,678,353,798</b>	<b>854,620,762</b>	<b>₱1,300,000,000</b>
Net income	—	—	—	—	93,500,832	11,601,466,854
Other comprehensive income (loss)	—	(109,316)	12,024,309	14,896,210	(441,119)	93,500,832
Total comprehensive income (loss)	—	(109,316)	12,024,309	14,896,210	—	—
Collection of subscriptions receivable	4,400,000	—	—	—	—	26,811,203
Transfer of realized gain from OCI (Note 13)	—	—	(2,545,732)	—	(2,545,732)	—
Cash dividends declaration (Note 21)	—	—	—	—	(230,894,000)	—
<b>BALANCES AS AT DECEMBER 31, 2018</b>	<b>₱6,331,283,333</b>	<b>₱4,541,504</b>	<b>(₱33,841,668)</b>	<b>₱1,694,250,008</b>	<b>₱854,620,762</b>	<b>₱1,300,000,000</b>
BALANCES AS AT JANUARY 1, 2019, AS ADJUSTED	₱6,326,883,333	4,650,820	(₱43,320,245)	1,678,353,798	854,620,762	₱1,300,000,000
Net income	—	—	—	—	—	3,069,207,402
Other comprehensive income (loss)	—	(109,316)	12,024,309	14,896,210	—	469,451,965
Total comprehensive income (loss)	—	(109,316)	12,024,309	14,896,210	—	562,952,797
Collection of subscriptions receivable	4,400,000	—	—	—	—	(2,062,665)
Transfer of realized gain from OCI (Note 13)	—	—	(2,545,732)	—	(2,545,732)	—
Cash dividends declaration (Note 21)	—	—	—	—	(230,894,000)	—
<b>BALANCES AS AT DECEMBER 31, 2018</b>	<b>₱6,331,283,333</b>	<b>₱4,541,504</b>	<b>(₱33,841,668)</b>	<b>₱1,694,250,008</b>	<b>₱854,620,762</b>	<b>₱1,300,000,000</b>
BALANCES AS AT JANUARY 1, 2019, AS ADJUSTED	₱6,326,883,333	4,650,820	(₱43,320,245)	1,678,353,798	854,620,762	₱1,300,000,000
Net income	—	—	—	—	—	11,601,466,854
Other comprehensive income (loss)	—	(109,316)	12,024,309	14,896,210	—	93,500,832
Total comprehensive income (loss)	—	(109,316)	12,024,309	14,896,210	—	119,870,916
Collection of subscriptions receivable	4,400,000	—	—	—	—	4,400,000
Transfer of realized gain from OCI (Note 13)	—	—	(2,545,732)	—	(2,545,732)	—
Cash dividends declaration (Note 21)	—	—	—	—	(230,894,000)	—
<b>BALANCES AS AT DECEMBER 31, 2018</b>	<b>₱6,331,283,333</b>	<b>₱4,541,504</b>	<b>(₱33,841,668)</b>	<b>₱1,694,250,008</b>	<b>₱854,620,762</b>	<b>₱1,300,000,000</b>
BALANCES AS AT JANUARY 1, 2019, AS ADJUSTED	₱6,326,883,333	4,650,820	(₱43,320,245)	1,678,353,798	854,620,762	₱1,300,000,000
Net income	—	—	—	—	—	14,670,974,256
Other comprehensive income (loss)	—	(109,316)	12,024,309	14,896,210	—	469,451,965
Total comprehensive income (loss)	—	(109,316)	12,024,309	14,896,210	—	562,952,797
Collection of subscriptions receivable	4,400,000	—	—	—	—	24,307,419
Transfer of realized gain from OCI (Note 13)	—	—	(2,545,732)	—	(2,545,732)	—
Cash dividends declaration (Note 21)	—	—	—	—	(230,894,000)	—
<b>BALANCES AS AT DECEMBER 31, 2018</b>	<b>₱6,331,283,333</b>	<b>₱4,541,504</b>	<b>(₱33,841,668)</b>	<b>₱1,694,250,008</b>	<b>₱854,620,762</b>	<b>₱1,300,000,000</b>

See accompanying Notes to Consolidated Financial Statements.



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

	<b>Years Ended December 31</b>		
	<b>2018</b>	<b>2017</b>	<b>2016</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Income before income tax	₱702,683,751	₱281,359,989	₱913,274,470
Adjustments for:			
Finance charges (Note 26)	1,185,892,672	1,200,295,515	865,152,744
Depreciation and amortization (Note 25)	871,947,014	881,533,932	712,151,736
Dividend income (Note 27)	(264,000,000)	-	-
Interest income (Notes 7 and 18)	(62,966,406)	(37,863,224)	(41,961,539)
Share in net income of associate (Note 27)	(32,888,825)	-	-
Unrealized foreign exchange loss - net	19,831,360	1,474,920	17,639,653
Movements in net retirement assets and retirement benefits liabilities (Notes 24 and 28)	14,734,701	1,962,756	33,162,646
Loss (gain) on sale of property, plant and equipment and investments in real estate (Note 27)	(866,268)	(1,829,595)	2,960,574
Recovery of impairment loss on real estate inventories due to sale (Notes 10 and 27)	(483,327)	(1,172,249)	(476,624)
Gain on sale of investment (Notes 11 and 27)	-	(34,339,109)	-
Recovery of impairment loss on investment due to sale	-	(13,725,000)	-
Income from decrease in decommissioning liability (Note 27)	-	-	(4,842,058)
Impairment loss on goodwill (Note 14)	-	-	245,376,216
Income from insurance claim (Notes 8 and 27)	-	-	(69,699,527)
Operating income before working capital changes	2,433,884,672	2,277,697,935	2,672,738,291
Decrease (increase) in:			
Trade and other receivables	(193,160,226)	(93,699,757)	(200,943,196)
Contract asset	(192,236,514)	-	-
Real estate inventories	7,478,620	9,498,425	5,066,790
Spare parts and supplies	4,589,914	(35,681,892)	(155,298,062)
Prepaid expenses and other current assets	(79,023,822)	1,504,811	352,502,110
Increase in accounts payable and other current liabilities	719,612,799	382,993,349	6,353,118
Cash generated from operations	2,701,145,443	2,542,312,871	2,680,419,051
Benefits paid out of retirement fund	(334,321)	-	-
Income taxes paid including creditable withholding taxes	(132,455,874)	(194,705,758)	(298,528,042)
Net cash flows from operating activities	<u>2,568,355,248</u>	<u>2,347,607,113</u>	<u>2,381,891,009</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Grant (collection) of advances to related parties	368,617,121	(253,993,200)	(43,141,593)
Interest received	62,966,406	32,527,366	41,568,862
Additions to:			
Property, plant and equipment (Note 12)	(5,533,532,154)	(4,633,150,298)	(3,279,688,376)
Investments in real estate (Note 10)	(10,469,468)	(5,019,774)	(502,881)
Computer software	(2,004,952)	(8,604,103)	(14,416,454)
Investments in associates (Note 11)	-	(1,000,000)	(581,018,200)
Proceeds from disposals of:			
Equity instrument designated through FVTOCI	6,929,732	-	-
Property, plant and equipment	3,749,744	2,117,591	2,060,124
Subsidiary without loss of control (Note 1)	-	2,116,805,184	-
Investment in associate	-	48,064,109	-
Investment in real estate (Notes 10 and 11)	-	-	953,457,022
Decrease (increase) in:			
Short-term cash investments (Note 7)	(14,657,135)	(199,877,387)	114,240,535
Other noncurrent assets	(93,716,753)	(57,043,578)	(41,236,029)
Increase in accounts payable and other current liabilities (Note 16)	-	1,879,463,723	-
Proceeds from insurance claims (Notes 8 and 27)	-	29,538,950	40,160,577
Net cash flows used in investing activities	<u>(5,212,117,459)</u>	<u>(1,050,171,417)</u>	<u>(2,808,516,413)</u>

(Forward)



	Years Ended December 31		
	2018	2017	2016
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Availment of loans and long-term debts (Notes 17 and 18)	₱9,820,762,994	₱3,979,777,962	₱667,030,719
Payments of:			
Loans and long-term debts (Notes 17 and 18)	(6,191,165,896)	(1,860,220,000)	(588,798,053)
Interest and transaction costs (Note 18)	(841,279,704)	(1,497,323,519)	(998,033,628)
Dividends (Note 21)	(567,493,994)	(325,664,000)	(543,484,565)
Debt issue costs (Note 18)	(40,272,212)	(206,030,383)	-
Increase in interest reserve account (Notes 15 and 18)	(442,770,196)	(183,468,889)	-
Proceeds from additional investment in a subsidiary (Note 1)	-	1,125,000,000	-
Net cash flows from (used in) financing activities	1,737,780,992	1,032,071,171	(1,463,285,527)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
	(905,981,219)	2,329,506,867	(1,889,910,931)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>			
	(3,258,988)	3,708,665	649,893
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>			
	4,383,802,048	2,050,586,516	3,939,847,554
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)</b>			
	<b>₱3,474,561,841</b>	<b>₱4,383,802,048</b>	<b>₱2,050,586,516</b>

*See accompanying Notes to Consolidated Financial Statements.*



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

## **NOTES TO 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.

ACR's ultimate parent company is Alsons Corporation (AC), a company incorporated in the Philippines.

The registered office address of ACR is Alsons Building, 2286 Chino Roces Avenue, Makati City, Metro Manila, Philippines.

The consolidated financial statements 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			
		2018	2017	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 Thermal Energy Corporation (ATEC)	Investment holding	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 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
Bago Hydro Resources Corporation (Bago)	Power generation	—	80.00	—	—
Sindangan Zambo-River Power Corp. (Sindangan)	Power generation	—	80.00	—	—
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. (MADE)	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 interest plus 1 share of the voting and total outstanding capital stock.

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 (see Note 33). 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 in 2015.

On February 14, 2017, CHC and subsidiaries notified the Philippine Securities and Exchange Commission (SEC) of the change in its functional currency from US dollar to Philippine peso which was adopted prospectively from the date of change, which is January 1, 2016.

*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). The Parent Company recognized a gain amounting to ₱709 million, net of transaction costs totaling to ₱169 million (see Note 21). 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).



*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 is expected to be completed in April 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 December 31, 2018 and 2017, 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. SRPI's expected construction of the power plant that was previously forecasted to commence in the latter part of 2013, has been deferred at a later time. The total project cost is estimated at ₱13 billion. As at March 21, 2019, SRPI has not yet started the construction of the power plant.

*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%.



*Sigil and Kalaong.* ACR organized and incorporated Sigil and Kalaong on July 22, 2011 as wholly owned subsidiaries. Sigil 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. Sigil's 17 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. As at March 21, 2019, Sigil 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 16 MW Hydro Power Project is in Don Salvador, Negros Occidental while Sindangan's 38 MW Hydro Power Project is in Sindangan, Zamboanga Del Norte. These projects are expected to augment power supply in the cities of Negros Occidental and Zamboanga, respectively, once they are completed. As at March 21, 2018, Sigil and Kalaong have not yet started commercial operations.

#### Property Development

*ALC.* On November 25, 1994, ACR incorporated ALC to acquire, develop, sell and hold for investment or otherwise, real estate of all kinds, sublease office spaces and manufacture door and house frames.

*KAED.* On September 3, 2010, ACR 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 on the MADE's ability to continue as a going concern. As at March 21, 2019, 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 upon recommendation for approval by the Audit Committee on March 13, 2019, were authorized for issuance by the BOD on March 21, 2019.

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## 2. Basis of Preparation and Statement of Compliance

#### Basis of Preparation

The 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 consolidated financial statements are presented in Philippine peso, the functional and presentation currency of the Parent Company. All amounts are rounded to the nearest peso, except as otherwise indicated.



Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs) .

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		
			2018	2017	2016
SPPC	Philippines	Power generation	45.0%	45.0%	45.0%
WMPC	Philippines	Power generation	45.0%	45.0%	45.0%
ATEC	Philippines	Holding Company	50.0%	50.0%	100.0%
Sarangani	Philippines	Power generation	62.5%	62.5%	25.0%

The summarized financial information in respect of the subsidiaries that have material non-controlling interests is set out below. The summarized financial information below represents amounts before intra-group eliminations.

Summarized balance sheets as at December 31 are as follows:

	2018			2017		
	SPPC	WMPC	ATEC*	SPPC	WMPC	ATEC*
(Amounts in Thousands)						
Current assets	₱181,366	₱701,101	₱3,940,237	₱344,105	₱695,571	₱2,153,789
Noncurrent assets	316,737	447,237	25,870,607	364,648	418,808	20,506,441
Current liabilities	(38,092)	(538,524)	(6,685,461)	(220,961)	(457,032)	(5,953,551)
Noncurrent liabilities	(84,525)	(91,311)	(15,856,382)	(68,326)	(82,718)	(10,398,785)
Equity	₱375,486	₱518,503	₱7,269,001	₱419,466	₱574,629	₱6,307,894
Equity attributable to:						
Equity holders of the						
Parent Company	₱205,203	₱273,374	₱3,085,083	₱229,392	₱304,243	₱2,380,763
Non-controlling interests	170,283	245,129	4,183,918	190,074	270,386	3,927,131
	₱375,486	₱518,503	₱7,269,001	₱419,466	₱574,629	₱6,307,894

\*Based on consolidated balances of ATEC and its subsidiaries.

Summarized statements of comprehensive income for each of the three years in the period ended December 31, 2018 are as follows:

	2018			2017			2016		
	SPPC	WMPC	ATEC*	SPPC	WMPC	ATEC*	SPPC	WMPC	Sarangani**
Revenue and other income	₱160,831	₱1,394,881	₱4,728,173	₱522,471	₱1,454,871	₱4,168,083	₱711,504	₱1,652,261	₱3,503,115
Expenses	(200,603)	(1,366,385)	(3,866,115)	(391,061)	(1,341,781)	(3,756,956)	(442,682)	(1,517,641)	(2,557,505)
Provision for income tax	(8,134)	(24,407)	(57,899)	(35,056)	(42,391)	(33,452)	(56,195)	(48,457)	(52,374)
Net income	(47,906)	4,089	804,159	96,354	70,699	377,675	212,627	86,163	893,236
Other comprehensive income (loss)	3,926	(10,215)	917	(876)	(498)	(470)	6,571	4,285	-
Total comprehensive Income	(₱43,980)	(₱6,126)	₱805,076	₱95,478	₱70,201	₱377,205	₱219,198	₱90,448	₱893,236
Equity holders of the									
Parent Company	(₱24,189)	(₱3,369)	₱299,414	₱52,513	₱38,611	₱261,663	₱120,559	₱49,746	₱669,927
Non-controlling interests	(19,791)	(2,757)	505,662	42,965	31,590	115,542	98,639	40,702	223,309
	(₱43,980)	(₱6,126)	₱805,076	₱95,478	₱70,201	₱377,205	₱219,198	₱90,448	₱893,236

\*Based on consolidated balances of ATEC and its subsidiaries.

\*\*On November 27, 2017, the Parent Company sold 50% ownership less one share of ATEC, parent company of Sarangani, to GBPC. Before the sale, Sarangani is considered a material partly owned subsidiary.



Summarized statements of cash flows for each of the three years in the period ended December 31, 2018 are as follows:

	2018			2017			2016		
	SPPC	WMPC	ATEC*	SPPC	WMPC	ATEC*	SPPC	WMPC	Sarangani**
(Amounts in Thousands)									
Operating	₱7,117	₱73,588	₱1,508,653	₱263,694	₱70,659	₱1,777,377	₱187,423	₱140,462	₱1,797,552
Investing	20,357	(84,212)	(4,529,582)	176,389	158,143	(4,940,797)	(225,655)	103,854	(3,089,795)
Financing	(102,912)	(9,516)	4,290,802	(407,779)	(157,804)	2,666,911	(150,648)	(600,591)	1,855,008
Net increase (decrease) in cash and cash equivalents	(₱75,438)	(₱20,140)	₱1,269,873	₱32,304	₱70,998	(₱499,760)	(₱188,880)	(₱356,275)	₱562,765
Dividends paid to non-controlling interests	₱-	₱22,500	₱497,500	₱157,500	₱67,500	₱-	₱105,282	₱336,902	₱-

\*Based on consolidated balances of ATEC and its subsidiaries.

\*\*On November 27, 2017, the Parent Company sold 50% ownership less one share of ATEC, parent company of Sarangani, to GBPC. Before the sale, Sarangani is considered a material partly owned subsidiary.

### 3. Changes in Accounting Policies and Disclosures

#### New Standards Effective Starting January 1, 2018

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, 2018. Adoption of these pronouncements did not have any significant impact on the Group's financial position or performance, unless otherwise indicated.

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payment Transactions*

The amendments to PFRS 2 address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and the accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash-settled to equity-settled. Entities are required to apply the amendments to: (1) share-based payment transactions that are unvested or vested but unexercised as of January 1, 2018, (2) share-based payment transactions granted on or after January 1, 2018 and to (3) modifications of share-based payments that occurred on or after January 1, 2018. Retrospective application is permitted if elected for all three amendments and if it is possible to do so without hindsight.

These amendments do not have any impact on the Group's consolidated financial statements since the Group does not perform cash-settled share based payments.

- Amendments to PFRS 4, *Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts*

The amendments address concerns arising from implementing PFRS 9, the new financial instruments standard before implementing the new insurance contracts standard. The amendments introduce two options for entities issuing insurance contracts: a temporary exemption from applying PFRS 9 and an overlay approach. The temporary exemption is first applied for reporting



periods beginning on or after January 1, 2018. An entity may elect the overlay approach when it first applies PFRS 9 and apply that approach retrospectively to financial assets designated on transition to PFRS 9. The entity restates comparative information reflecting the overlay approach if, and only if, the entity restates comparative information when applying PFRS 9.

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.

- *PFRS 15, Revenue from Contracts with Customers*

PFRS 15 supersedes PAS 11, *Construction Contracts*, PAS 18, *Revenue*, and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. PFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

PFRS 15 requires entities to exercise judgment, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted PFRS 15 using the modified retrospective method of adoption with the date of initial application of January 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to all contracts not yet completed as at January 1, 2018.

The cumulative effect of initially applying PFRS 15 is recognized at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under PAS 11 and related Interpretations.

The effects of adopting PFRS 15 as at January 1, 2018 are as follows (amounts in thousands):

	As previously reported as at December 31, 2017	References	Adjustments	As adjusted at January 1, 2018
Trade and other receivables	₱2,509,002	(a)	(₱2,514)	₱2,506,488
Contract assets	–	(b)	887,810	887,810
Deferred income tax liabilities - net	30,900	(a), (b)	44,265	75,165
Unappropriated retained earnings	887,872	(a), (b)	592,406	1,480,278
Non-controlling interests	2,820,583	(a), (b)	248,625	3,069,208



Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended December 31, 2018 as a result of the adoption of PFRS 15. The first column shows amounts prepared under PFRS 15 and the second column shows what the amounts would have been had PFRS 15 not been adopted (amounts in thousand):

Consolidated statement of comprehensive income for the year ended December 31, 2018

	References	Amounts prepared under		Increase/ (Decrease)
		PFRS 15	Previous PFRS	
Revenue from contracts with customers	(a), (b)	₽6,654,220	₽-	₽6,654,220
Energy fees		-	6,445,572	(6,445,572)
Real estate sales		-	16,411	(16,411)
Income before income tax	(a), (b)	702,684	510,447	192,237
Provision for income tax - deferred	(a), (b)	53,145	43,533	9,612

Consolidated statement of financial position as at December 31, 2018

	References	Amounts prepared under		Increase/ (Decrease)
		PFRS 15	Previous PFRS	
Trade and other receivables	(a)	₽2,611,221	₽2,614,105	(₽2,884)
Contract assets	(b)	1,080,416	-	1,080,416
Deferred income tax liabilities - net	(a), (b)	849,195	795,174	54,021
Unappropriated retained earnings	(a), (b)	1,344,990	732,988	612,002
Non-controlling interests	(a), (b)	3,010,597	2,687,185	323,412

The nature of the adjustments as at January 1, 2018 and the reasons for the significant changes in the consolidated statement of financial position as at December 31, 2018 and the statement of comprehensive income for the year ended December 31, 2018 are described below:

*(a) Prompt payment discount on capacity recovery fees and interconnection capacity recovery fees*

Under the power sales agreements, customers could avail of the prompt payment discount (PPD) if payment is made within 10 days after the invoice date. The PPD, which is equivalent to 1.5% of capital recovery fees and interconnection capacity recovery fees, can only be applied to the invoice subsequent to the billing period covered by the prompt payment. Before the adoption of PFRS 15, the Group recognized revenue at fair value of consideration received or receivable, gross of discount.

The Group used the most likely amount method to estimate the discount to be provided. As at January 1, 2018, adoption of PFRS 15 resulted to a decrease in *Trade and other receivables* of ₽2.51 million and decrease in *Deferred income tax liabilities* of ₽0.12 million for the expected future discount. The Group also reduced *Unappropriated retained earnings* and *Non-controlling interests* for ₽0.90 million and ₽1.49 million, respectively, as at January 1, 2018.

As at December 31, 2018, adoption of PFRS 15 resulted to a decrease in *Trade and other receivables*, *Revenue from contracts with customers*, *Unappropriated retained earnings* and *Non-controlling interests* amounting to ₽2.88 million, ₽0.37 million, ₽1.03 million and ₽1.72 million, respectively. It also decreased *Deferred income tax liabilities - net* by ₽0.14 million for the year ended December 31, 2018.



*(b) Fixed escalation in capacity recovery fee rates*

Under the power sales agreement, capacity recovery fee rates are fixed but escalates throughout the contract period without any reference to market indices. Before the adoption of PFRS 15, the Group recognized revenue based on billing. Under PFRS 15, fixed escalation is recognized on a straight-line basis over the contract period as it forms part of the transaction price of a single performance obligation.

The adoption of PFRS 15, resulted to the recognition of *Contract assets* of ₦887.81 million for the difference between the amount that should be recognized as revenue on a straight-line basis as compared to the revenue based on billing. The Group increased *Unappropriated retained earnings* and *Non-controlling interests* for ₦593.30 million and ₦250.11 million, respectively, as at January 1, 2018. It also increased *Deferred income tax liabilities* by ₦44.39 million as at January 1, 2018.

As at December 31, 2018, adoption of PFRS 15 resulted to the recognition of *Contract assets* amounting to ₦1,080.42 million. It also increased *Revenue from contracts with customers*, *Unappropriated retained earnings*, *Non-controlling interests* and *Deferred income tax liabilities* by ₦192.61 million, ₦701.18 million, ₦325.21 million and ₦54.02 million, respectively, for the year ended December 31, 2018.

• *PFRS 9, Financial Instruments*

PFRS 9 reflects all phases of the financial instruments project and replaces PAS 39, *Financial Instruments: Recognition and Measurement*, and all previous versions of PFRS 9 for annual periods beginning on or after January 1, 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group applied PFRS 9 retrospectively, with an initial application date of January 1, 2018. As allowed by the Standard, the Group has not restated the comparative information, which continues to be reported under PAS 39.

The impact of the adoption is described below:

*(a) Classification and measurement*

Under PFRS 9, debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortized cost, or FVTOCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, January 1, 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of PFRS 9 did not have a significant impact to the Group.

The following are the changes in the classification of the Group's financial assets:

- Cash and cash equivalents, short-term investments, trade and other receivables, debt service reserve account and recoverable deposits classified as loans and receivables as at December 31, 2017 are held to collect contractual cash flows and give rise to cash flows



representing solely payments of principal and interest. These are classified and measured as debt instruments at amortized cost beginning January 1, 2018.

- Equity instruments classified as *AFS financial assets* as at December 31, 2017 are classified and measured as *Equity instruments designated at FVTOCI* beginning January 1, 2018. The Group elected to classify irrevocably its quoted and unquoted equity investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future. There were no impairment losses recognized in consolidated statements of income for these investments in prior periods. Upon transition to PFRS 9, the carrying value of equity instruments approximates fair value.

In summary, upon the adoption of PFRS 9, the Group had the following required or elected reclassifications as at January 1, 2018.

PAS 39 measurement category	PFRS 9 measurement category		
	FVPTL	Amortized cost	FVTOCI
<i>Loans and receivables</i>			
Cash and cash equivalents	₱4,383,520,548	₱—	₱4,383,520,548
Short-term investments	258,319,976	—	258,319,976
Trade and other receivables excluding advances to suppliers and employees	2,461,862,242	—	2,461,862,242
<i>AFS financial assets</i>	2,353,233,021	—	—
	₱9,456,935,787	₱—	₱2,353,233,021

*b) Impairment*

The adoption of PFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach. PFRS 9 requires the Group to recognize an allowance for ECLs for all debt instruments not held at fair value through profit or loss.

The adoption of PFRS 9 did not result to recognition of additional or reduction of impairment losses. Accordingly, no adjustments in the consolidated statement of financial position as of January 1, 2018 were recognized.

- PIC Q&A on Advances to Contractors and PIC Q&A on Land Classification  
The Company adopted PIC Q&A 2018-11, Classification of Land by Real Estate Developer and PIC Q&A 2018-15, PAS 1- Classification of Advances to Contractors in the Nature of Prepayments: Current vs. Non-current starting January 1, 2018. The impact of adoption is applied retrospectively which resulted to the following reclassifications in the consolidated balance sheet at January 1, 2018 (in millions):

	Current Assets	Noncurrent Assets
Advances to contractors	(₱30.14)	₱30.14

Advances to contractors in relation to the construction of property, plant and equipment previously presented under current assets were reclassified to noncurrent assets. Before the adoption of PIC Q&A 2018-15, the classification of the Group is based on the timing of application of these advances against billings and timing of delivery of goods and services. This interpretation aims to classify the prepayment based on the actual realization of such advances based on the determined usage/realization of the asset to which it is intended (i.e., real estate inventories, investment properties and property and equipment).



- Amendments to PAS 28, *Investments in Associates and Joint Ventures, Measuring an Associate or Joint Venture at Fair Value* (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)

The amendments clarify that an entity that is a venture capital organization, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. They also clarify that if an entity that is not itself an investment entity has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which (a) the investment entity associate or joint venture is initially recognized; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent. Retrospective application is required.

The amendments do not have any impact on the Group's financial position and results of operation. The Parent Company is not a venture capital organization hence, the Group continues to value its investments in associates using equity method.

- Amendments to PAS 40, *Investment Property, Transfers of Investment Property*

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Retrospective application of the amendments is not required and is only permitted if this is possible without the use of hindsight.

Since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements upon adoption of these amendments.

- Philippine Interpretation IFRIC-22, *Foreign Currency Transactions and Advance Consideration*

The interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognizes the nonmonetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. Retrospective application of this interpretation is not required.

Since the Group's current practice is in line with the clarifications issued, the Group does not expect any effect on its consolidated financial statements upon adoption of this interpretation.

#### Future Changes in Accounting Policies

The following are the new and revised standards and interpretations that will become effective subsequent to December 31, 2018. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated



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

*Effective beginning on or after January 1, 2019*

- *Amendments to PFRS 9, Prepayment Features with Negative Compensation*

Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest 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. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

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

- *PFRS 16, Leases*

PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, *Leases*. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

PFRS 16 also requires lessees and lessors to make more extensive disclosures than under PAS 17. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs.

The Group is currently assessing the impact of adopting PFRS 16.

- *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 apply to plan amendments, curtailments, or settlements occurring on or after the beginning of the first annual reporting period that begins on or after January 1, 2019, with early application permitted. These amendments will apply only to any future plan amendments, curtailments, or settlements of the Group.

- 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*.

The amendments should be applied retrospectively and are effective from January 1, 2019, with early application permitted. Since the Group does not have such long-term interests in its associate and joint venture, the amendments will not have an impact on its consolidated financial statements.

- Philippine Interpretation IFRIC-23, *Uncertainty over Income Tax Treatments*

The interpretation 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



An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed.

The Group is currently assessing the impact of this interpretation to 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 are currently not applicable to the Group but may apply to future transactions.

- Amendments to PAS 12, *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*

The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted. These amendments are not relevant to the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- 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.

Since the Group's current practice is in line with these amendments, the Group does not expect any effect on its consolidated financial statements upon adoption.

*Effective beginning on or after 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 will apply on future 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.

*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.

#### *Deferred effectiveness*

- 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.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

The Group continues to assess the impact of the above new and amended accounting standards and interpretations effective subsequent to December 31, 2018 on the Group's consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

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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. Also, fair values of financial and non-financial instruments are disclosed in Note 32.

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 prior to 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.

Categories of Financial Instruments

The Group classifies its financial assets in the following categories: financial assets at FVPL, loans and receivables, AFS financial assets and held-to-maturity (HTM) investments. Financial liabilities are further classified as financial liabilities at FVPL or other financial liabilities. The classification depends on the purpose for which the investments are acquired and whether they are quoted in an active market. Management determines the classification of its financial assets and liabilities at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting date.

The Group has no HTM investments as at December 31, 2017.

*Financial assets and liabilities at FVPL*

Financial assets and liabilities at FVPL include financial assets and liabilities held for trading and financial assets designated upon initial recognition as at FVPL and derivative instruments.

Financial assets and liabilities are classified as held for trading if they are acquired for the purpose of selling and repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading, unless they are designated as effective hedging instruments or a financial guarantee contract.

Financial assets and liabilities may be designated by management at initial recognition as at FVPL when any of the following criteria is met:

- The designation eliminates or significantly reduces the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognizing gains or losses on them on a different basis;
- The assets and liabilities are part of a group of financial assets, financial liabilities, or both, which are managed and their performance are evaluated on a fair value basis, in accordance with a documented risk management or investment strategy; or
- The financial instrument contains an embedded derivative, unless the embedded derivative does not significantly modify the cash flows or it is clear, with little or no analysis, that it would not be separately recorded.



The Group has no financial assets and liabilities at FVPL as at December 31, 2017.

*Loans and receivables*

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

After initial measurement, loans and receivables are subsequently measured at amortized cost using the effective interest method, less allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are integral parts of the effective interest rate. Gains and losses are recognized in the consolidated statement of income when the loans and receivables are derecognized or impaired, as well as through the amortization process. Included in this category are the Group's cash and cash equivalents, short-term cash investments, trade and other receivables, and refundable deposits (included as part of "Other noncurrent assets" account).

*AFS financial assets*

AFS financial assets are nonderivative financial assets that are designated as such or are not classified as financial assets at FVPL, HTM investments or loans and receivables. These are purchased and held indefinitely, and may be sold in response to liquidity requirements or changes in market conditions.

After initial measurement, AFS financial assets are subsequently measured at fair value with unrealized gains or losses recognized as other comprehensive income in the consolidated statement of comprehensive income until the investment is derecognized or determined to be impaired, at which time the cumulative gain or loss is recognized in the consolidated statement of income.

When the AFS financial asset is disposed of, the cumulative unrealized gain or loss previously recognized in equity is recognized as "Realized gain (loss) on AFS financial assets" in the consolidated statement of income. Where the Group holds more than one investment in the same security, these are deemed to be disposed of on a first-in first-out basis. Dividends earned on holding AFS financial assets are recognized in the consolidated statement of income as "Dividend income" when the right to the payment has been established. The losses arising from impairment of such investments are recognized as "Impairment loss on AFS financial assets" in the consolidated statement of income.

Included in this category are the Group's investments in quoted and unquoted equity securities.

*Other financial liabilities*

This category pertains to financial liabilities that are not held for trading or designated as FVPL upon inception of the liability and contain contractual obligations to deliver cash or another financial asset to the holder or to settle 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. The components of issued financial instruments that contain both liability and equity elements are accounted for separately, with the equity component being assigned the residual amount after deducting from the instrument as a whole the amount separately determined as the fair value of the liability component on the date of issue.

These include liabilities arising from operations (e.g., accounts payable and accrued liabilities, excluding withholding taxes and other taxes payable to government agencies) and loans and borrowings. All loans and borrowings are initially recognized at fair value less debt issue costs associated with the borrowings.



After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and debt issue costs that are an integral part of the effective interest method. Gains and losses are recognized in consolidated statement of income when the liabilities are derecognized as well as through the amortization process.

Debt issue costs are shown as a contra account against long-term debts and are amortized over the terms of the related borrowings using the effective interest method.

The portion of the debt issue costs attributable to the undrawn portion is deferred and is being amortized over the commitment period on a straight-line basis. However, if it is probable at inception that the facility will be utilized, the debt issue cost will be amortized over the term of the related borrowings using the effective interest method. Debt issue costs pertaining to current portion of the long-term debts are classified as current liabilities; otherwise, these are classified as noncurrent liabilities.

Included in this category are the Group's accounts payable and other current liabilities (excluding statutory payables), loans payable and long-term debts.

#### Derivative Financial Instrument

A derivative is a financial instrument or other contract with all three of the following characteristics:

- a. its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a nonfinancial variable that the variable is not specific to a party to the contract (sometimes called the "underlying");
- b. it requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and,
- c. it is settled at a future date.

Derivative instruments (including bifurcated embedded derivatives) are initially recognized at fair value on the date in which a derivative transaction is entered into or bifurcated, and are subsequently re-measured at fair value. Changes in fair value of derivative instruments not accounted for as hedges are recognized immediately in the consolidated statement of income. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

#### *Embedded derivatives*

The Group assesses whether embedded derivatives are required to be separated from host contracts when the Group first becomes party to the contract. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required. An embedded derivative is separated from the host contract and accounted for as a derivative if all of the following conditions are met: (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract; (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not measured at fair value with changes in fair value reported in the consolidated statement of income. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. The Group determines whether a modification to cash flows is significant by considering the extent to which the expected future cash flows associated with the embedded, the host contract or both have changed and whether the change is significant relative to the previously expected cash flows on the contract.



The Group has no embedded derivatives which are required to be bifurcated.

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:

	Number of Years
Main engine, transmission lines and sub-station	12 - 28
Plant mechanical, electrical, switchyard and desulfurization equipment	28
Plant structures and others	28

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
Leasehold improvements	5 or term of the lease, whichever period is shorter
Machinery and other equipment:	
Machinery and equipment	5 - 10
Office furniture, fixtures and equipment	3 - 5
Transportation equipment	3 - 5

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 PFRS 9 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 PFRS 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.



Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognized in the consolidated statement of income.

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 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 fulfillment 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, except as summarized in the next page.

- 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 balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred 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 WMPC's, SPPC's and Sarangani'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 its business activities into two main 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.

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## 5. Significant Judgments, Accounting Estimates and Assumptions

The preparation of the consolidated financial statements requires management to make judgments, accounting estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Management believes the following represent a summary of these significant judgments, estimates and assumptions and related impact and associated risks in the consolidated financial statements.

Judgments

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

*Determination of appropriate deferred income tax rate*

Sarangani is entitled to a 5% gross income tax (GIT) rate on its total power sales provided that, as a Filipino company, 50% of its power output is sold to a Philippine Economic Zone Authority (PEZA)-registered export enterprises and qualified constructive exporters (see Note 31). Management believes that they will be able to meet the required sales of power output to a PEZA-registered export enterprises and qualified constructive exporters and will continue to preserve its entitlement to use the 5% GIT rate.



*Evaluating Revenue from Contracts with Customers*

The Group applied the following judgements in the determination of the amount and timing of revenue recognition:

- *Identifying performance obligations*

The Group identifies performance obligations by considering whether the promised goods or services in the contract are distinct goods or services. A good or service is distinct when the customer can benefit from the good or service on its own or together with other resources that are readily available to the customer and the Group's promise to transfer the good or service to the customer is separately identifiable from the other promises in the contract.

The Group assesses performance obligations as a series of distinct goods and services that are substantially the same and have the same pattern of transfer if:

1. each distinct good or services in the series are transferred over time; and
2. the same method of progress will be used (i.e., units of delivery) to measure the entity's progress towards complete satisfaction of the performance obligation.

*Energy sales.* Under PFRS 15, 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.

- *Determining method to estimate variable consideration and assessing the constraint*

The Group includes some or all the amounts of variable consideration estimated but only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The Group considers both the likelihood and magnitude of the revenue reversal in evaluating the extent of variable consideration the Group will be subjected to constraint.

Factors such as the following are considered:

- a. high susceptibility to factors outside the Group's influence;
- b. timing of the resolution of the uncertainty, and
- c. having a large number and broad range of possible outcomes.

*Energy sales.* Some contracts with customers provide unspecified quantity of energy, provisional Energy Regulatory Commission (ERC) rates, volume or prompt payment discounts and foreign exchange and consumer price index (CPI) adjustments in the monthly billing. Under PFRS 15, such provisions give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled. The expected value method of estimation takes into account a range of possible outcomes while the most likely amount is used when the outcome is binary. The variable consideration is estimated at contract inception and constrained until the associated uncertainty is subsequently resolved.



For prompt payment discount, the Group determined that the most likely method is the appropriate method to use in estimating the variable consideration given that there are few possible outcomes.

Foreign exchange adjustments in monthly fixed/variable overhead and fee for actual energy delivered (fuel cost, subject to consumer price index and forex adjustments) will be constrained since the amount of consideration is highly susceptible to factors outside the Group's influence (e.g., market movements for forex and consumer price index, and actual demand of the customer for energy) and the contract has a large number and broad range of possible consideration amounts. Reassessment will be made as the contract progresses.

Amount for the variable consideration will be included in the specific month the adjustments had occurred.

- *Allocation of variable consideration*

*Energy sales.* Variable consideration may be attributable to the entire contract or to a specific part of the contract. Revenue streams which are considered as series of distinct goods or services that are substantially the same and have the same pattern of transfer, the Group allocates the variable amount that is no longer subject to constraint to the satisfied portion (i.e., month) which forms part of the single performance obligation.

- *Revenue recognition*

The Group recognizes revenue when it satisfies an identified performance obligation by transferring a promised good or service to a customer. A good or service is considered to be transferred when the customer obtains control. The Group determines, at contract inception, whether it will transfer control of a promised good or service over time. If the Group does not satisfy a performance obligation over time, the performance obligation is satisfied at a point in time.

The Group concluded that revenue from energy sales is to be recognized over time because the customers simultaneously receives and consumes the benefits as the Group supplies power.

- *Identifying methods for measuring progress of revenue recognized over time*

The Group determines the appropriate method of measuring progress which is either through the use of input or output methods. Input method recognizes revenue on the basis of the efforts or inputs to the satisfaction of a performance obligation while output method recognizes revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to date.

*Energy sales.* The Group determined that the output method is the best method in measuring progress as actual electricity is supplied to customers. The Group recognizes revenue based on:

- a. For fixed capacity payments, the Group allocates the transaction price on a straight-line basis over the contract term; and
- b. For the variable energy payment, actual kilowatt hours consumed which are billed on a monthly basis.



*Real estate sales.* The Group has determined that the output method used in measuring the progress of the performance obligation faithfully depicts the Group's performance in transferring control of real estate to the customer.

*Assessment of control over its subsidiary*

Under PFRS 10, an investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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 to GBPC through the execution of deed of absolute sale of shares. The Parent Company has determined that it has retained control over ATEC since it has the power to direct the relevant activities of ATEC.

*Assessment of significant influence on investment with less than 20% of voting rights*

Prior to 2015, the Parent Company exercised significant influence on its interest in Indophil Resources, NL (IRNL) despite owning less than 20% interest by virtue of an Agreement for the Joint Voting of IRNL shares entered into with Alsons Prime Investment Corporation (APIC) and AC, companies under the Alcantara Group, through the Alcantara Group's representation in the BOD of IRNL. Accordingly, the Parent Company accounted for its investment in IRNL as part of "Investments in associates" with carrying value amounting to ₱1,213 million as at December 31, 2014 (see Note 11).

In 2015, the Parent Company acquired an interest in Indophil Resources Philippines, Inc. (IRPI) through the swap of its interest in IRNL for an interest in IRPI. While the Parent Company holds less than 20% interest in IRPI, the Parent Company assessed that it exercises significant influence over IRPI because of its representation in the BOD of IRPI and representations in the BOD and Operating Committee of the operating subsidiary of IRPI. Accordingly, the Parent Company accounts for its investment in IRPI as part of "Investments in associates", with carrying value amounting to ₱1,213 million as at December 31, 2018 and 2017 (see Note 11).

*Distinction between real estate inventories and investments in real estate*

The Group determines whether a property will be classified as real estate inventories or investments in real estate as follows:

- Real estate inventory comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.
- Investments in real estate comprise land and building which are not occupied substantially for use by, or in the 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.

The carrying values of the Group's investments in real estate and real estate inventories amounted to ₱191 million and ₱632 million, respectively, as at December 31, 2018 and ₱181 million and ₱639 million, respectively, as at December 31, 2017 (see Note 10).

*Estimates and Assumptions*

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



*Provision for expected credit losses on trade receivables (PFRS 9)*

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analyzed.

The assessment of the correlation between observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future. Trade receivables (including noncurrent portion of installment receivables and contract assets), net of allowance for impairment losses of ₡78 million, amounted to ₡2,488 million as of December 31, 2018 (see Note 8).

*Estimation of impairment loss on loans and receivables (PAS 39)*

The Group assesses its loans and receivables at each reporting date to assess whether an allowance for impairment loss should be recorded in the consolidated statement of income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on age of receivables and historical loss experience. The Group also considers the business relationship and the financial health of the counterparty in assessing the existence of impairment.

The collective assessment requires the Group to classify its receivables based on the credit risk characteristics, such as payment history and past-due status. Impairment loss is then determined based on historical loss experience of the receivables grouped per credit risk profile.

The methodology and assumptions used for the individual and collective assessments are based on management's judgment and estimate. Therefore, the amount and timing of recorded expense for any year would differ depending on the judgments and estimates made for the year.

The carrying values of the Group's financial assets at amortized cost as at December 31, 2017 are as follows:

Cash and cash equivalents (Note 7)	₱4,383,802,048
Short-term cash investments (Note 7)	258,319,976
Trade and other receivables (Note 31)	2,461,862,242

*Estimation of NRV of inventories*

Inventories are valued at the lower of cost and NRV. For spare parts and supplies, allowance for inventory obsolescence and losses are maintained at a level considered adequate to provide for potentially nonvaluable items. The level of allowance is based on the turnover/movement of specific inventories and other physical factors affecting usefulness of specific inventories.

For real estate inventories, determining the fair value requires the determination of cash flows from the expected sale of the asset less cost of marketing. The determination of fair value requires the Group to make estimates and assumptions that may materially affect the consolidated financial statements. Future events could cause the Group to conclude that these assets are impaired. Any resulting additional impairment loss could have a material impact on the Group's financial position and performance.



The carrying values of spare parts and supplies amounted to ₦683 million and ₦687 million as at December 31, 2018 and 2017, respectively (see Note 9). The carrying values of real estate inventories amounted to ₦632 million and ₦639 million as at December 31, 2018 and 2017, respectively (see Note 10).

*Estimation of useful lives of property, plant and equipment and investments in real estate*  
The useful lives of the property, plant and equipment and investments in real estate are estimated based on the period over which the property, plant and equipment are expected to be available for use and on the collective assessment of industry practice, internal technical evaluation and experience with similar assets.

The estimated useful lives of property, plant and equipment and investments in real estate are reviewed periodically and updated if expectations differ materially from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the property, plant and equipment and investments in real estate. It is possible that future financial performance could be materially affected by changes in the estimates brought about by changes in factors mentioned above. The amounts and timing of recording of expenses for any period would be affected by changes in these factors and circumstances. A reduction in the estimated useful lives of the property, plant and equipment and investments in real estate would increase the recorded expenses and decrease the carrying values of the property, plant and equipment and investments in real estate.

The carrying values of property, plant and equipment and investments in real estate totalled to ₦27,329 million and ₦22,911 million as at December 31, 2018 and 2017, respectively (see Notes 10 and 12).

*Impairment of nonfinancial assets (except goodwill)*

An impairment review is performed when certain impairment indicators are present. These factors include, among others:

- a. investments in real estate and property, plant and equipment
  - Significant underperformance relative to the future sales performance and projected operating results; and
  - Significant negative industry or market trends.
- b. investment in associates

There is objective evidence that one or more events occurring after the initial recognition of the investment have had an impact on the estimated future cash flows of the investment that can be reliably estimated. Impairment exists when the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value-in-use.

The Group is required to make estimates and assumptions that can materially affect the consolidated financial statements when determining the value-in-use of nonfinancial assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets. Future events could cause the Group to conclude that such financial assets are impaired. Any resulting impairment loss could have a material adverse impact on the Group's financial position and performance.



Based on management's evaluation in 2018 and 2017, there are no indicators that would trigger an impairment review on the Group's nonfinancial assets with carrying values as at December 31 as follows:

	2018	2017
	<i>(In Millions)</i>	<i>(In Millions)</i>
Property, plant and equipment (Note 12)	₱27,138	₱22,730
Investments in associates (Note 11)	2,209	2,177
Investments in real estate (Note 10)	191	181
	<b>₱29,538</b>	<b>₱25,088</b>

*Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis, or more frequently, if events or changes in circumstances indicate that it may be impaired. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated.

Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

No impairment loss on goodwill was recognized in 2018 and 2017. The carrying amount of goodwill amounted to ₱807 million as at December 31, 2018 and 2017 (see Note 14).

*Estimation of retirement benefits cost and obligation and accrued compensation absences*

The determination of the retirement benefits cost and obligation and accrued compensated absences is dependent on the selection of certain assumptions used by the actuary in calculating such amounts. Those assumptions, which include among others, discount rates and future salary increase, are described in Note 28. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the retirement obligations and accrued compensated absences.

The Group obtained actuarial valuation reports in 2018 and 2017. Total net retirement assets of SPPC and WMPC amounted to ₱20 million and ₱26 million as at December 31, 2018 and 2017, respectively, and net retirement liability of APMC amounted to ₱3 million and ₱3 million as at December 31, 2018 and 2017, respectively (see Note 28). Total retirement benefits liabilities of the Parent Company, ALC, MPC and Sarangani amounted to ₱35 million and ₱28 million as at December 31, 2018 and 2017, respectively (see Note 28). Retirement benefits costs recognized in the consolidated statements of income amounted to ₱15 million, ₱13 million and ₱29 million in 2018, 2017 and 2016, respectively (see Notes 24 and 28). Accrued compensated absences amounted to ₱14 million and ₱12 million as at December 31, 2018 and 2017, respectively (see Note 28).

*Estimation of decommissioning liability*

The decommissioning liability arises from WMPC's, SPPC's and Sarangani'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 statements of income. Decommissioning liability as at December 31, 2018 and 2017 amounted to ₦199 million and ₦206 million, respectively (see Note 19).

*Estimation and recognition of deferred income tax assets*

The Group's assessment on the recognition of deferred income tax assets on deductible temporary differences is based on the forecasted taxable income of the following year. This forecast is based on the Group's past results and future expectations on revenues and expenses.

In prior years, SPPC and WMPC determined that the use of Optional Standard Deduction (OSD) would be advantageous based on their forecast. Deferred income taxes on items considered in determining gross income for income tax purposes were computed using an effective tax rate of 18% and deferred income taxes on items not part of gross income for income tax purposes were not recognized. Starting 2018, SPPC and WMPC reverted to the use of itemized deduction because based on management's estimate, the use of OSD is no longer beneficial to SPPC and WMPC. Accordingly, the tax rate used in determining deferred income tax is at 30%.

Deferred income tax assets amounted to ₦43 million and ₦35 million as at December 31, 2018 and 2017, respectively. Also, the Group has unrecognized NOLCO, excess MCIT and deductible temporary differences as at December 31, 2018 and 2017 as disclosed in Note 29.

*Valuation of unquoted equity investments designated as financial assets at FVOCI (AFS investments prior to adoption of PFRS 9)*

In valuing the Group's unquoted investments at FVOCI in compliance with PFRS 9, management applied judgment in selecting the valuation technique and used assumptions in estimating the fair value of its equity instruments considering the information available to the Group. The key assumptions used in the valuation are disclosed in Note 13.

Prior to January 1, 2018, unquoted equity investments are carried at cost due to high variability in the resulting estimated fair values.

As of December 31, 2018 and 2017, the Group's unquoted equity investments amounted to ₦2,222 million (see Note 13).

*Legal contingencies*

The Group is involved in certain legal proceedings. The estimate of the probable costs for the assessment and resolution of these possible claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon thorough analysis of potential results. There are no provisions for probable losses arising from contingencies recognized in the Group's consolidated financial statements as management believes that the resolution will not materially affect the Group's financial position and performance (see Note 34).

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## 6. Segment Information and Revenue from Contracts with Customers

### Segment Information

The Group conducts its business activities in two main 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".



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

2018

	Power and Energy	Property Development	Other Investments	Total	Eliminations	Consolidated
<i>(Amounts in Thousands)</i>						
<b>Earnings Information</b>						
Revenues						
External customer	₱6,787,111	₱33,560	₱-	₱6,820,671	(₱154,400)	₱6,666,271
Inter-segment	—	—	236,501	236,501	(236,501)	—
Total revenues	6,787,111	33,560	236,501	7,057,172	(390,901)	6,666,271
Interest income	36,183	1,263	49,337	86,783	(23,817)	62,966
Finance charges	820,634	—	616,765	1,437,399	(251,506)	1,185,893
Provision for (benefit from) income tax	83,720	377	9,740	93,837	45,894	139,731
Net income (loss)	754,258	(4,249)	952,469	1,702,478	(1,139,525)	562,953
<b>Other Information</b>						
Investments in associates and due from related parties	278,075	898,856	6,220,988	7,397,919	(4,071,782)	3,326,137
Segment assets	34,324,006	2,128,053	21,650,685	58,102,744	(14,610,921)	43,491,823
Segment liabilities	21,588,204	386,520	10,296,094	32,270,818	(3,284,435)	28,986,383
Depreciation and amortization	(833,638)	(886)	(81)	(834,605)	(37,342)	(871,947)
<b>Cash Flow Information</b>						
Net cash flows from (used in):						
Operating activities	1,667,751	7,924	442,825	2,118,500	449,855	2,568,355
Investing activities	(4,767,164)	(12,993)	480,900	(4,299,257)	(912,860)	(5,212,117)
Financing activities	4,159,716	(1,646)	(2,890,530)	1,267,540	470,241	1,737,781

2017

	Power and Energy	Property Development	Other Investments	Total	Eliminations	Consolidated
<i>(Amounts in Thousands)</i>						
<b>Earnings Information</b>						
Revenues						
External customer	₱6,892,921	₱29,930	₱-	₱6,922,851	(₱403,950)	₱6,518,901
Inter-segment	—	—	399,415	399,415	(399,415)	—
Total revenues	6,892,921	29,930	399,415	7,322,266	(803,365)	6,518,901
Interest income	23,909	414	37,358	61,681	(23,818)	37,863
Finance charges	801,865	—	664,775	1,466,640	(266,344)	1,200,296
Provision for (benefit from) income tax	121,275	187	(806)	120,656	57,226	177,882
Net income (loss)	630,378	(923)	375,708	1,005,163	(901,685)	103,478
<b>Other Information</b>						
Investments in associates and due from related parties	518,409	898,885	6,049,103	7,466,397	(4,068,531)	3,397,866
Segment assets	27,442,380	2,115,326	22,991,308	52,549,014	(14,312,301)	38,236,713
Segment liabilities	15,009,098	378,830	11,935,405	27,323,333	(2,916,263)	24,407,070
Depreciation and amortization	(852,252)	(743)	(101)	(853,096)	(28,438)	(881,534)
<b>Cash Flow Information</b>						
Net cash flows from (used in):						
Operating activities	2,157,299	23,098	19,938	2,200,335	147,272	2,347,607
Investing activities	(4,139,429)	(5851)	2,840,914	(1,304,366)	254,195	(1,050,171)
Financing activities	1,626,630	(4,871)	(185,950)	1,435,809	(403,738)	1,032,071

2016

	Power and Energy	Property Development	Other Investments	Total	Eliminations	Consolidated
<i>(Amounts in Thousands)</i>						
<b>Earnings Information</b>						
Revenues						
External customer	₱7,191,249	₱26,699	₱-	₱7,217,948	(₱111,150)	₱7,106,798
Inter-segment	—	—	674,749	674,749	(674,749)	—
Total revenues	7,191,249	26,699	674,749	7,892,697	(785,899)	7,106,798
Interest income	21,348	202	110,388	131,938	(89,976)	41,962

(Forward)



	Power and Energy	Property Development	Other Investments	Total	Eliminations	Consolidated
(Amounts in Thousands)						
Finance charges	₱580,533	₱-	₱686,059	₱1,266,592	₱(401,439)	₱865,153
Provision for income tax	190,480	466	5,299	196,245	81,242	277,487
Net income (loss)	1,105,167	4,478	104,420	1,214,065	(578,277)	635,788
<b>Other Information</b>						
Investments in associates and due from related parties	652,320	902,701	9,864,055	11,419,076	(8,277,303)	3,141,773
Segment assets	23,892,840	2,109,241	12,713,467	38,715,548	(7,905,822)	30,809,726
Segment liabilities	12,764,340	379,668	11,323,411	24,467,419	(4,369,688)	20,097,731
Depreciation and amortization	(705,932)	(831)	(158)	(706,921)	(4,947)	(711,868)
<b>Cash Flow Information</b>						
Net cash flows from (used in):						
Operating activities	2,103,391	1,488	379,557	2,484,436	(102,545)	2,381,891
Investing activities	(3,425,160)	(697)	(2,243,373)	(5,669,230)	2,860,714	(2,808,516)
Financing activities	962,874	2,667	327,588	1,293,129	(2,756,415)	(1,463,286)

Except for fees from technical advisory services related to the operation and maintenance of a power plant in Indonesia amounting to ₱7 million in 2016 (nil in 2018 and 2017), the Group operates and derives principally all of its revenues from domestic operations. Thus, geographical business information is not required.

The following illustrate the reconciliations of reportable segment assets and liabilities to the Group's corresponding amounts:

	2018	2017	2016
(Amounts in Thousands)			
<b>Assets</b>			
Total assets for reportable segments	₱50,704,825	₱45,082,617	₱27,296,472
Investments in shares of stock of subsidiaries and associates and due from related parties	7,397,919	7,466,397	11,419,076
Eliminations	(14,610,921)	(14,312,301)	(7,905,822)
Consolidated assets	₱43,491,823	₱38,236,713	₱30,809,726
<b>Liabilities</b>			
Total liabilities for reportable segments	₱2,698,272	₱1,870,957	₱1,414,361
Long-term debts	22,781,654	18,709,922	16,891,211
Due to related parties	5,274,991	5,211,683	4,696,513
Loans payable	354,897	975,709	667,031
Deferred income tax liabilities - net	849,195	315,401	338,670
Income tax payable	10,208	19,368	58,790
Accrued interest payable	301,601	220,293	400,843
Eliminations	(3,284,435)	(2,916,263)	(4,369,688)
Consolidated liabilities	₱28,986,383	₱24,407,070	₱20,097,731

#### Revenue from Contracts with Customers

##### *Disaggregated Revenue Information*

Set out below is the disaggregation of the Group's revenue from contracts with customers for the year ended December 31, 2018:

##### Type of contract

Revenue from power supply agreements	₱6,637,809,579
Revenue from contract to sell of residential lots	16,410,658
	₱6,654,220,237



*Contract Balances*

The Group's receivables as at December 31, 2018 is disclosed in Note 8. The Group's contract assets as at December 31, 2018 and January 1, 2018 amounted to ₦1,080 million and ₦887 million, respectively, representing excess of revenue recognized on a straight-line basis over the amount billed to the customers (see Notes 2 and 8).

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**7. Cash and Cash Equivalents and Short-term Cash Investments**

	2018	2017
Cash on hand	₦355,500	₦28,500
Cash in banks	2,672,453,236	1,747,876,494
Cash equivalents	801,753,105	2,635,644,054
	<b>₦3,474,561,841</b>	<b>₦4,383,802,048</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 ₦263 million and ₦258 million as at December 31, 2018 and 2017, respectively, consist of money market placements with maturities of more than three months but less than one year with interest rates ranging 3.00% to 4.10%.

Interest income from cash and cash equivalents and short-term cash investments amounted to ₦55 million, ₦23 million and ₦21 million in 2018, 2017 and 2016, respectively.

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**8. Trade and Other Receivables**

	2018	2017
Trade:		
Power	₦1,359,055,132	₦1,024,845,511
Real estate	94,922,081	92,828,868
Product distribution and others	31,730,458	31,749,577
Due from related parties (Note 20)	1,116,603,735	1,221,220,856
Contract assets (Note 6)	1,080,416,000	-
Retention receivables	44,455,481	143,009,378
Others	51,910,016	85,102,999
	<b>3,779,092,903</b>	<b>2,598,757,189</b>
Less noncurrent portion of:		
Installment receivables	4,019,641	6,319,792
Contract assets (Note 6)	1,080,416,000	-
	<b>1,084,435,641</b>	<b>6,319,792</b>
	<b>2,694,657,262</b>	<b>2,592,437,397</b>
Less allowance for impairment losses	83,435,820	83,435,820
	<b>₦2,611,221,442</b>	<b>₦2,509,001,577</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, 2018 and 2017, respectively. 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 SPPC. 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.

As at March 21, 2019, SPPC and NPC are still in negotiation for the settlement of the long-outstanding receivables.

The allowance for impairment loss of ₱33 million as at December 31, 2018 and 2017, 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 ₱51 million and ₱59 million as at December 31, 2018 and 2017, 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 ₱4 million and ₱6 million as at December 31, 2018 and 2017.

Real estate receivables include the Group's share on the sale of the developed residential and commercial lots and golf club shares in the Eagle Ridge Golf and Residential Estates jointly developed with Sta. Lucia Realty and Development, Inc. (SLRDI) (see Notes 10 and 33).

#### 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 December 31, 2018 and 2017.

#### Retention Receivables

Retention receivables pertain to the outstanding balances from GBPC and Aboitiz Land, Inc. (Aboitiz) for the sale of investment in ATEC (see Note 1) and Lima Land Inc. (LLI), which will be collected upon issuance by BIR of the Certificate Authorizing Registration and accomplishment of certain milestones, respectively.

#### Due from Related Parties and Other Receivables

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" are disclosed in Note 20.

On November 25, 2016, SPPC recognized gain from settlement of insurance claim for damaged diesel engine amounting to ₱70 million which was presented as part of "Other income (charges)" account in 2016. As at December 31, 2016, uncollected portion amounted to ₱30 million which was collected in 2017.



## 9. Spare Parts and Supplies

	2018	2017
Coal	₱301,874,872	₱297,955,992
Spare parts	208,831,693	290,410,233
Fuel	138,141,012	66,504,325
Oil, lubricants and chemicals	24,701,162	22,349,185
Operating supplies and consumables	9,192,294	10,111,212
	<b>₱682,741,033</b>	<b>₱687,330,947</b>

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

### Real Estate Inventories

	2018	2017
Eagle Ridge Project (General Trias, Cavite)		
- at cost (Note 33)	₱616,887,120	₱617,729,517
Campo Verde Project (Lipa and Malvar, Batangas)		
- at NRV (Note 33)	14,678,275	20,831,171
	<b>₱631,565,395</b>	<b>₱638,560,688</b>

A summary of the movements in real estate inventories is set out below:

	2018	2017
<b>Cost</b>		
Balances at beginning of year	₱657,978,380	₱667,476,805
Cost of real estate sold, net of cancellations	(7,478,621)	(9,498,425)
Balances at end of year	<b>650,499,759</b>	<b>657,978,380</b>
<b>Allowance for Impairment Loss</b>		
Balances at beginning of year	19,417,692	20,589,941
Recovery of impairment loss due to sale (Note 27)	(483,328)	(1,172,249)
Balances at end of year	<b>18,934,364</b>	<b>19,417,692</b>
	<b>₱631,565,395</b>	<b>₱638,560,688</b>

Recovery of impairment loss on sold real estate inventories previously provided with allowance for impairment amounting to ₱0.5 million in 2018 and ₱1 million in 2017 are recognized also as part of "Other income (charges)" in the consolidated statements of income (see Note 27). Accumulated impairment losses on real estate inventories amounted to ₱19 million as at December 31, 2018 and 2017, respectively.

### Investments in Real Estate

	2018	2017
ALC Property (Pasong Tamo, Makati)	₱133,963,376	₱134,004,402
Batangas Project (Lipa and Malvar, Batangas)	52,787,031	42,412,032
Laguna Project (Cabuyao, Laguna)	4,685,936	4,685,936
	<b>₱191,436,343</b>	<b>₱181,102,370</b>



A summary of the movements in investments in real estate is set out below:

	December 31, 2018		
	Land	Building and Improvements	Total
<b>Cost</b>			
Balances at beginning of year	₱172,097,973	₱33,251,839	₱205,349,812
Additions	10,375,000	94,468	10,469,468
Balances at end of year	182,472,973	33,346,307	215,819,280
<b>Accumulated Depreciation</b>			
Balances at beginning of year	–	24,247,442	24,247,442
Depreciation (Note 25)	–	135,495	135,495
Balances at end of year	–	24,382,937	24,382,937
<b>Net Book Value</b>	<b>₱182,472,973</b>	<b>₱8,963,370</b>	<b>₱191,436,343</b>

	December 31, 2017		
	Land	Building and Improvements	Total
<b>Cost</b>			
Balances at beginning of year	₱172,097,973	₱28,232,065	₱200,330,038
Additions	–	5,019,774	5,019,774
Balances at end of year	172,097,973	33,251,839	205,349,812
<b>Accumulated Depreciation</b>			
Balances at beginning of year	–	24,053,963	24,053,963
Depreciation (Note 25)	–	193,479	193,479
Balances at end of year	–	24,247,442	24,247,442
<b>Net Book Value</b>	<b>₱172,097,973</b>	<b>₱9,004,397</b>	<b>₱181,102,370</b>

#### Lanang Property

On December 27, 2011, the BOD of ACR approved the acquisition of 72% of the outstanding shares (consisting of 2,000,000 common shares and 344,498 preferred shares) of C. Alcantara & Sons, Inc. (CASI) from Alsons Development & Investment Corporation (Aldevinco), a stockholder of ACR and AC, for a total consideration of ₱1,226 million. The acquisition was paid through the reduction of ACR's receivables from Aldevinco equivalent to ₱1,226 million on that date. The total consideration of ₱1,226 million represents the market value of Lanang landholdings of CASI as determined by an independent third party appraiser. This acquisition provides ACR the right to own and develop 21.27 hectares of land and 3 hectares of foreshore leased area in Lanang, Davao City.

CASI filed with the BIR and notified the Philippine SEC regarding the shortening of its corporate life until March 31, 2014. As a result, ACR received the Lanang property of CASI as liquidating dividend amounting to ₱1,226 million in 2014. Transaction costs incurred such as taxes and processing fees to transfer the Lanang property to ACR's name totalling to ₱49 million were capitalized as part of "Investments in real estate".

On April 11, 2016, ACR transferred the Lanang property to Aviana as part of its capital contribution (see Note 11).

#### Fair Value

The estimated fair value of the investment properties as at December 31, 2013, the latest valuation date, amounted to ₱434 million. This was determined by an accredited independent appraiser, using sales comparison approach, which is a comparative approach to value properties that considers the sales of similar assets or related market data and establishes a value estimate.



Management believes that the fair value of the investment properties as at the latest valuation date is substantially the same as their fair value as at December 31, 2018 and 2017.

#### 11. Investments in Associates

	Percentage of Ownership		2018	2017
	2018	2017		
<b>At equity:</b>				
Acquisition costs:				
Indophil Resources Philippines, Inc. (IRPI)	2.00	2.00	₱1,213,332,960	₱1,213,332,960
Aviana Development Corporation (Aviana)	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 Development, Inc.	22.32	22.32	66,193,299	66,193,299
			<b>2,323,689,762</b>	<b>2,323,689,762</b>
Accumulated equity in net earnings:				
Balances at beginning of year			—	—
Share in net earnings for the year			32,888,825	—
Balances at end of year			32,888,825	—
Accumulated impairment loss:				
Balances at beginning of year			(147,045,000)	(160,770,000)
Disposal of investment during the year (Note 27)			—	13,725,000
Balances at end of year			(147,045,000)	(147,045,000)
			<b>₱2,209,533,587</b>	<b>₱2,176,644,762</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 2018, 2017 and 2016 consolidated financial statements.



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%.

The aggregate financial information of IRPI and Aviana as at and for the years ended December 31 are as follows:

	2018	2017
	<i>(Amounts in Thousands)</i>	
Current assets	₱2,774,390	₱2,017,932
Noncurrent assets	21,502,472	23,582,185
Current liabilities	1,207,623	457,520
Noncurrent liabilities	162,968	708,295
Revenue and other income	690,024	1,554,198
Net income (loss)	(1,528,031)	853,976
Total comprehensive income (loss)	(1,528,031)	853,976

*The Group did not recognize its share in net earnings of associates for the year ended December 31, 2017 because the amount is not material to the consolidated financial statements.*

Aggregate financial information of IRPI and Aviana as at December 31, 2018 and 2017 and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

	IRPI		Aviana	
	2018	2017	2018	2017
	<i>(In Thousands)</i>			
Current assets	₱1,501,838	₱1,522,177	₱1,272,552	₱495,755
Noncurrent assets	19,610,588	21,919,609	1,891,884	1,662,576
Current liabilities	(230,710)	(229,323)	(976,913)	(228,197)
Noncurrent liabilities	(1,752)	(707,736)	(161,216)	(559)
Equity	20,879,964	22,504,727	2,026,307	1,929,575
Equity interest of the Parent Company	2%	2%	34%	34%
Share in net assets of the acquiree	417,599	450,095	688,944	656,055
Goodwill, translation adjustments and others	795,734	763,238	307,257	307,257
Carrying value of investment	₱1,213,333	₱1,213,333	₱996,201	₱963,312

On August 15, 2017, the Parent Company sold its equity interest in Duta amounting to ₱14 million, with allowance for impairment loss amounting to ₱14 million, to Phoenix Petroleum Philippines, Inc. for a total consideration amounting to ₱56 million. The Parent Company recognized gain amounting to ₱34 million, net of transaction costs totaling ₱8 million (see Note 27).



**12. Property, Plant and Equipment**

As at December 31, 2018:

	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	Total
<b>Cost</b>						
Balances at beginning of year	₱19,173,981,691	₱4,647,085,159	₱552,089,119	₱726,585,794	₱7,425,077,226	₱32,524,818,989
Additions	108,746,622	1,963,278	2,864,177	191,948,043	5,000,321,298	5,305,843,418
Disposals	(72,352,062)	–	–	(2,596,303)	–	(74,948,365)
Adjustment to decommissioning liability (Note 19)	(26,786,871)	–	–	–	–	(26,786,871)
Balances at end of year	19,183,589,380	4,649,048,437	554,953,296	915,937,534	12,425,398,524	37,728,927,171
<b>Accumulated Depreciation and Amortization</b>						
Balances at beginning of year	5,824,223,254	3,521,523,708	174,247,978	275,117,168	–	9,795,112,108
Depreciation and amortization for the year:						
Expensed (Note 25)	630,235,949	151,302,445	14,852,075	71,267,880	–	867,658,349
Capitalized	–	–	–	580,351	–	580,351
Disposals	(62,641,690)	–	–	(9,423,199)	–	(72,064,889)
Balances at end of year	6,391,817,513	3,672,826,153	189,100,053	337,542,200	–	10,591,285,919
<b>Net Book Value</b>	₱12,791,771,867	₱976,222,284	₱365,853,243	₱578,395,334	₱12,425,398,524	₱27,137,641,252



As at December 31, 2017:

	Plant	Mechanical, Electrical, Equipment	Land, Buildings and Leasehold Improvements	Machinery and Other Equipment	Construction in Progress	Total
<b>Cost</b>						
Balances at beginning of year	₱19,236,072,678	₱4,642,574,138	₱552,089,119	₱429,137,089	₱2,943,872,212	₱27,803,745,236
Additions	140,520	31,619,359	–	306,776,469	4,537,345,838	4,875,882,186
Disposals	(127,686,197)	(37,029,778)	–	(9,327,764)	–	(174,043,739)
Adjustment to decommissioning liability (Note 19)	19,235,306	–	–	–	–	19,235,306
Reclassifications	46,219,384	9,921,440	–	–	(56,140,824)	–
Balances at end of year	19,173,981,691	4,647,085,159	552,089,119	726,585,794	7,425,077,226	32,524,818,989
<b>Accumulated Depreciation and Amortization</b>						
Balances at beginning of year	(5,343,903,735)	(3,403,870,151)	(127,901,661)	(219,192,390)	–	(9,094,867,937)
Depreciation and amortization for the year:						
Expensed (Note 25)	(608,005,716)	(154,683,335)	(46,346,317)	(64,759,757)	–	(873,795,125)
Capitalized	–	–	–	(204,799)	–	(204,799)
Disposals	127,686,197	37,029,778	–	9,039,778	–	173,755,753
Balances at end of year	5,824,223,254	3,521,523,708	174,247,978	275,117,168	–	9,795,112,108
<b>Net Book Value</b>	₱13,349,758,437	₱1,125,561,451	₱377,841,141	₱451,468,626	₱7,425,077,226	₱22,729,706,881



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**13. Equity Instruments Designated at FVTOCI/AFS Financial Assets**

*Equity instruments designated at FVTOCI*  
As of December 31, this account consists of:

	<b>2018</b>
<b>Quoted</b>	
Balance at beginning of year	<b>₱131,064,253</b>
Fair value gain during the year	12,024,309
Disposals during the year	(4,384,000)
Transfers of realized gain from OCI	(2,545,732)
Balance at end of year	<b>136,158,830</b>
<b>Unquoted</b>	
Balance at beginning and end of year	<b>2,222,168,768</b>
	<b>₱2,358,327,598</b>

*AFS investments*

As of December 31, this account consists of:

	<b>2017</b>
<b>Quoted</b>	
Balance at beginning of year	<b>₱121,461,535</b>
Fair value gain during the year	9,602,718
Balance at end of year	<b>131,064,253</b>
<b>Unquoted</b>	
Balance at beginning and end of year	<b>2,222,168,768</b>
	<b>₱2,353,233,021</b>

The investment in unquoted equity instruments consists of investments in 22 million preferred non-voting shares of Aldevinco, representing 100% of total preferred shares of Aldevinco. In 2018, the fair value of the investment in unquoted equity instrument 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:

- Fair value adjustment of real properties derived by using the cost multiplier which is based on the average cost of real estate sales less forecasted 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 balance sheet date.

In 2017, the investment in unquoted equity instruments was carried at cost less any impairment.

The movements in net unrealized losses on equity instruments designated at FVTOCI and AFS investments follows:

	<b>2018</b>	<b>2017</b>
Balance at beginning of year	<b>₱43,320,245</b>	<b>₱52,922,963</b>
Fair value gain	(12,024,309)	(9,602,718)
Transfer of realized gain from OCI	2,545,732	-
Balance at end of year	<b>₱33,841,668</b>	<b>₱43,320,245</b>



The fair value of investments in shares of listed companies was based on their closing prices as of December 31, 2018 and 2017.

In 2018, the Group recognized dividend income from Aldevinco amounting to ₡264.0 million (nil in 2017 and 2016; see Note 27).

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#### 14. Goodwill

Goodwill acquired through business combinations has been allocated to the power generation CGUs consisting of the operations of SPPC and WMPC. As at December 31, 2018 and 2017, the carrying amount of goodwill of SPPC and WMPC amounted to ₡229 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 explained as follows:

*Probability-weighted cash flows.* For SPPC, the value-in-use (VIU) was calculated based on probability-weighted cash flows using the various available scenarios considering there are no firm contracts as of December 31, 2018. The assignment of probabilities to various cash flow forecast depends on the demand-supply situation and specific circumstances and requirements of the service areas and the milestones that management has achieved as of reporting date .

For WMPC, the VIU was calculated using the current firm contracts with respective distribution utility cooperatives as of December 31, 2018.

*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 SPPC and WMPC, respectively.

*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 delivered during the contract period. Contracted and dispatchable capacities are based on historical performance of the CGUs. The contracted and dispatchable capacity used in value-in-use computation below.

	2018		2017	
	Contracted Capacity	Dispatchable Capacity	Contracted Capacity	Dispatchable Capacity
SPPC	100%	2%	100%	2%
WMPC	50%-60%	11%	50%-80%	20%

*Discount rates.* Discount rates reflect management's estimate of the risks specific to the CGUs. The discount rates used for the CGUs are based on weighted average cost of capital. This rate was further adjusted to reflect the market assessment of any risk specific to the generating unit for which estimates of cash flows have not been adjusted. The pre-tax discount rates used were 15.71%-16.66% and 12.24%-12.86% in 2018 and 2017, respectively.



Sensitivity to Changes in Assumptions

With regard to the assessment of value-in-use, management believes that an increase in discount rate by 0.5% and/or 1% increase in the assigned probability in the worst case scenario in the management's forecast would result to impairment.

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**15. Prepaid Expenses and Other Current Assets**

	<b>2018</b>	<b>2017</b>
Deposits in interest reserve account (Note 18)	<b>₱919,227,228</b>	₱476,457,032
Creditable withholding taxes	253,747,381	217,044,797
Prepayments	64,761,955	66,645,719
Input VAT	2,834,565	19,859,748
	<b>₱1,240,571,129</b>	<b>₱780,007,296</b>

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**16. Accounts Payable and Other Current Liabilities**

	<b>2018</b>	<b>2017</b>
Accounts payable	₱2,775,058,065	₱2,753,977,462
Accrued expenses (Note 28)	754,554,604	314,887,325
Interest payable (Note 18)	301,601,399	280,059,023
Dividends payable (Note 21)	185,000,000	—
Output tax and withholding tax payable	86,787,902	123,010,115
Advances from customers	35,239,313	28,256,745
Other current liabilities	519,663,562	226,061,877
	<b>₱4,657,904,845</b>	<b>₱3,726,252,547</b>

Accounts payable are noninterest-bearing and are normally on a 60 to 75 days term. 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. Payable to GBPC included as part of accounts payable are noninterest-bearing and payable on demand.

Accrued expenses represent accruals for vacation and sick leaves, 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.



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## 17. Loans Payable

### *Parent Company*

In 2018 and 2017, the Company availed of unsecured short-term loans from local banks totaling to ₱1,070.8 million and ₱829.8 million, respectively. 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 2018, these loans were renewed by the Company. As at December 31, 2018 and 2017, outstanding short-term loans amounted to ₱114.9 million and ₱475.7 million, respectively.

In 2018, the Parent Company initiated a ₱2.5 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 ₱1,500.0 million and ₱1,000.0 million, respectively. On 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 on October 2019. These were issued at discounted amounts with net proceeds amounting to ₱94 million. During the year, the Company has recognized an interest expense amounting to ₱1.2 million for the amortization of discount on these commercial papers (see Note 35).

### *MPC*

In 2018, MPC availed of bank loans from Development Bank of the Philippines (DBP) and Philippine National Bank amounting to ₱210.00 million and ₱40.00 million, respectively. The loans bears interest rates ranging from 4.25% to 6.00%. In 2018, MPC settled its bank loan from DBP.

In 2017, MPC availed of a short-term, unsecured bank loan from Unionbank of the Philippines (UBP) amounting to ₱100 million. The loan bears 3.875% interest rate. In 2018, MPC fully settled the related loan.

### *WMPC*

WMPC availed of bank loans from DBP and UBP totalling to ₱250 million and ₱150 million for the year ended December 31, 2018 and 2017, respectively, with interest rate ranging from 3.875% to 4.400%. Outstanding balance from the related bank loans amounted to ₱200 million and ₱50 million as at December 31, 2018 and 2017, respectively.

### *SPPC*

SPPC availed of bank loans from China Banking Corporation, UBP and DPB totalling to ₱100 million and ₱150 million for the year ended December 31, 2018 and 2017, respectively, with interest rate ranging from 2.64% to 3.875%. Outstanding balance from the related bank loans amounted to ₱50 million as at December 31, 2017 (nil in 2018).

### *Sarangani*

Sarangani availed of loan from local banks to be used as working capital amounting to ₱1,600 million and ₱300 million for the year ended December 31, 2018 and 2017, respectively, with nominal interest rate ranging from 4.21% to 8.25%. Outstanding balance from the related bank loans amounted to ₱300 million as at December 31, 2017 (nil in 2018).

Interest expense related to loans payable amounted to ₱77 million and ₱3 million in 2018 and 2017, respectively (see Note 26).



## 18. Long-term Debts

This account consists of U.S. dollar and Philippine peso-denominated obligations as follows:

	2018	2017
<b>Parent Company</b>		
Philippine peso-denominated debt:		
Five-year fixed rate corporate note	₱4,554,666,667	₱5,600,000,000
Seven-year fixed rate corporate note	1,488,333,333	1,862,000,000
<b>Sarangani</b>		
Thirteen and a half-year peso-denominated floating rate debt	7,965,750,000	8,643,570,000
Ten and a half-year peso-denominated floating rate debt	8,900,000,000	2,450,000,000
<b>MPC</b>		
Six-year peso-denominated fixed rate debt	244,080,000	446,850,000
	<u>23,152,830,000</u>	<u>19,002,420,000</u>
Less unamortized transaction costs	371,176,091	292,498,053
	<u>22,781,653,909</u>	<u>18,709,921,947</u>
Less current portion	1,161,893,431	869,013,234
Noncurrent portion	<u>₱21,619,760,478</u>	<u>₱17,840,908,713</u>

Movement in the unamortized transaction costs are as follows:

	2018	2017
Balances at beginning of year	₱292,498,053	₱300,328,847
Additions	152,434,479	48,073,756
Amortization (Note 26)	(73,756,441)	(55,904,550)
Balances at end of year	<u>₱371,176,091</u>	<u>₱292,498,053</u>

### Parent Company

The loans of the Parent Company consist of the following:

- Fixed Rate Corporate Notes Facility* - On November 25, 2015, ACR entered into a fixed rate corporate notes facility with various noteholders with aggregate principal amount of ₱7,500 million divided into two (2) tranches: (a) Tranche A with principal amount of ₱5,600 million, subject to fixed interest rate of 7.24% and payable within five (5) years from the drawdown date and (b) Tranche B with principal amount of ₱1,900 million, subject to fixed interest rate of 7.92% and payable in annual installment of ₱19 million for the first six (6) years with balloon payment of ₱1,786 million on the 7<sup>th</sup> year from the drawdown date. Proceeds of the loan shall be used to prepay ACR's existing long-term debts and finance the investments in power-related assets. In December 2015, ACR had drawn the entire loan facility amounting to ₱7,500 million.

The notes contain embedded derivatives arising from voluntary prepayment option where ACR may opt to prepay the outstanding notes at pre-agreed redemption price starting on the beginning of the 3<sup>rd</sup> anniversary date of the drawdown for Tranche A and beginning of the 5<sup>th</sup> anniversary date of the drawdown for Tranche B. Redemption price shall mean 102% of the face value of the notes outstanding plus accrued interest. ACR may also opt to prepay the notes, in whole or in part, at pre-agreed redemption price using the proceeds of any equity offering or any sale or disposition of its shareholdings in its subsidiaries at each anniversary date of the drawdown up to



the 5<sup>th</sup> anniversary date. The embedded derivatives in the loans were assessed by ACR to be closely related to the host contract, thus were not bifurcated from the host contract based on the provisions of PAS 39. In 2018, the Company has prepaid a part of the loan amounting to ₱1,400 million. The Company incurred loss on prepayment amounting to ₱75 million (see Note 26).

ACR shall maintain certain financial ratios such as debt-to-equity ratio of not more than 3.82 and 2.9, and interest coverage ratio of not less than 1.95 and 1.25 as at December 31, 2018 and 2017, respectively. As at December 31, 2018 and 2017, ACR is in compliance with the debt covenants.

As required in the loan agreement, ACR deposited ₱556 million into an interest reserve account in 2015. Throughout the term of the loan, the interest reserve account is required to have a balance of not less than the aggregate amount of interest falling due within the next interest period which is equivalent to one-year interest period as defined in the loan agreement. As at December 31, 2018 and 2017, the remaining balance of interest reserve account amounted to ₱239 million and ₱293 million, respectively (see Note 15). Interest income earned from interest reserve account amounted to ₱7 million, ₱6 million and ₱21 million in 2018, 2017 and 2016, respectively.

Movement in the unamortized transaction costs of the long-term debts as follows:

	2018	2017
Balances at beginning of year	₱102,864,020	₱130,949,646
Amortization of transaction costs (Note 26)	(37,534,324)	(28,085,626)
Balances at end of year	₱65,329,696	₱102,864,020

Interest expense recognized in 2018 and 2017 amounted to ₱316 million and ₱334 million, respectively (see Note 26). Interest payable amounted to ₱34.83 million and ₱41.48 million as at December 31, 2018 and 2017, respectively (see Note 16).

#### Sarangani

The loans of Sarangani consist of the following:

a. *Phase 1 of SM 200 project*

On December 12, 2012, Sarangani obtained a financing facility consisting of a syndicated term loan in the aggregate principal amount of ₱9,300 million broken down as follows: (1) Series 1 Loan in the principal amount of up to ₱8,600 million for the construction of the Phase 1 105-MW coal-fired power plant and its common or shared areas and facilities; and (2) Series 2 Loan in the principal amount of up to ₱700 million for the construction of the transmission line. Sarangani should pay interest semi-annually at the rate equal to the higher of (a) Philippine Dealing System Treasury Fixing (PDST - F) benchmark bid yield for five-year treasury securities plus 3.5% spread per annum, or (b) 7.5% floor rate, for the first five (5)-year period commencing from the date of initial borrowing; and thereafter, to be adjusted based on the higher of (a) interpolated PDST-F benchmark bid yield for eight and one-half (8-1/2)-year treasury securities plus 2.75% spread per annum, or (b) interest rate applicable on the initial borrowing.

Under the Omnibus Loan and Security Agreement (OLSA), Sarangani shall create and constitute 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.



Sarangani is subject to certain negative covenants which require prior approval of the creditors for specified corporate acts, such as change of business or scope of Phase 1, change of ownership or management, dividend declarations, issuance of shares, amendment of articles of incorporation and by-laws and quasi-reorganization, incurrence of additional debt and sale or disposal of a substantial portion of their assets, among others, among others. As at December 31, 2018 and 2017, Sarangani is in compliance with the loan covenants.

Sarangani shall also maintain certain financial ratios such as debt-to-equity ratio of not more than 2.33 and debt service coverage ratio of at least 1.10, provided that prior to dividend declarations, debt service coverage ratio is at least 1.25. As at December 31, 2018 and 2017, Sarangani is in compliance with the financial ratios.

In addition to the collaterals, the shares of stock in Sarangani registered under the names of ATEC and TTC representing 100% of the outstanding capital stock of Sarangani have been pledged in favor of the collateral trustee.

Long-term debts of Sarangani as at December 31, 2018 and 2017 are shown below:

	2018		
	Series I	Series II	Total
Long-term debts	₱7,408,830,000	₱556,920,000	₱7,965,750,000
Less unamortized debt issue costs	87,452,985	29,271,396	116,724,381
	7,321,377,015	527,648,604	7,849,025,619
Less current portion of long-term debt - net of unamortized transaction costs	704,417,553	63,300,745	767,718,298
	₱6,616,959,462	₱464,347,859	₱7,081,307,321

	2017		
	Series I	Series II	Total
Long-term debts	₱8,026,590,000	₱616,980,000	₱8,643,570,000
Less unamortized debt issue costs	130,164,994	10,170,395	140,335,389
	7,896,425,006	606,809,605	8,503,234,611
Less current portion of long-term debts - net of unamortized transaction costs	595,621,165	58,207,759	653,828,924
	₱7,300,803,841	₱548,601,846	₱7,849,405,687

Interest expense and amortized debt issue cost after completion of Phase 1 recorded as expense in 2018 and 2017 are shown below and as disclosed in Note 26.

	2018	2017
Interest expense	₱713,228,664	₱683,325,157
Amortization of debt issue costs	23,611,008	24,355,600
	₱736,839,672	₱707,680,757

Interest payable as at December 31, 2018 and 2017 amounted to ₱143 million and ₱131 million, respectively (see Note 16).



b. *Phase 2 of SM200 project*

On April 4, 2017, Sarangani obtained a financing facility consisting of a syndicated term loan in the aggregate principal amount of ₱10,500 million broken down as follows: (1) Series 1 Loan in the principal amount of up to ₱8,500 million for the construction of the 105-MW coal-fired power plant; and (2) Series 2 Loan in the principal amount of up to ₱2,000 million for the construction of the transmission lines. Sarangani should pay interest semi-annually at the rate equal to the higher of (a) PDST-R2 benchmark bid yield for five-year treasury securities plus applicable spread equal to 2.75% per annum divided by 0.99 for the first three-and-a-half years, thereafter, to be adjusted to 2.25% per annum divided by 0.99, or (b) 6% floor rate, for the first five (5)-year period commencing from the date of initial borrowing; and thereafter, the higher of (a) interest rate applicable on the initial borrowing, or (b) PDST-R2 benchmark bid yield for five-year treasury securities plus applicable spread on banking day prior to the first day of the 11th interest period. As at December 31, 2018 and 2017, total amount drawn from the facility amounted to ₱8,900 million and ₱2,450 million, respectively.

Under the OLSA, Sarangani shall create and constitute in favor of the collateral trustee real estate mortgage, which includes 14 parcels of land registered the name of Sarangani with an aggregate area of 515,314 square meters and comprise the plant site of the Phase 2 and the common and administration facilities of Sarangani. Further, chattel mortgage shall consist of machinery and transportation equipment with a carrying value of ₱30 million and ₱47 million as at December 31, 2018 and 2017, respectively (see Note 12).

In addition to the collaterals, the shares of stock in Sarangani registered under the names of ATEC and TTC representing 100% of the outstanding capital stock of Sarangani have been pledged in favor of the collateral trustee.

Sarangani is subject to certain negative covenants which require prior approval of the creditors for specified corporate acts, such as change of business or scope of Phase 2, change of ownership or management, dividend declarations, issuance of shares, amendment of articles of incorporation and by-laws and quasi-reorganization, incurrence of additional debt and sale or disposal of a substantial portion of their assets, among others, among others. As at December 31, 2018 and 2017, Sarangani is in compliance with the loan covenants.

Sarangani shall also maintain certain financial ratios such as debt-to-equity ratio of not more than 2.33 and debt service coverage ratio of at least 1.10, provided that prior to dividend declarations, debt service coverage ratio is at least 1.25. As at December 31, 2018 and 2017, Sarangani was able to meet the required financial ratios.

The OLSA contains an embedded prepayment option where Sarangani may prepay the loan in whole or in part provided certain conditions are met. Sarangani assessed that the prepayment option is not required to be separated from the facility.



Details of the Group's long-term debts related to Phase 2 of the project are as follows:

As at December 31, 2018:

	Series I	Series II	Total
Long-term debts	₱6,900,000,000	₱2,000,000,000	₱8,900,000,000
Less unamortized debt issue costs	148,002,376	40,583,048	188,585,424
	6,751,997,624	1,959,416,952	8,711,414,576
Less current portion of long-term debt - net of unamortized transaction costs	102,302,879	29,328,844	131,631,723
	₱6,649,694,745	₱1,930,088,108	₱8,579,782,853

As at December 31, 2017 are shown below:

	Series I	Series II	Total
Long-term debts	₱1,850,000,000	₱600,000,000	₱2,450,000,000
Less unamortized debt issue costs	35,587,659	11,541,943	47,129,602
	₱1,814,412,341	₱588,458,057	₱2,402,870,398

Interest expense and amortization of debt issue costs that were incurred during the construction of Phase 2 were capitalized as part of "Construction in progress" under "Property, plant and equipment" account.

Interest expense and amortized debt issue cost during construction of Phase 2 are as follows:

	2018	2017
Interest expense	₱419,322,567	₱36,662,370
Amortization of debt issue costs	10,978,657	944,153
	₱430,301,224	₱37,606,523

Accrued interest as at December 31, 2018 and 2017 amounted to ₱117.05 million and ₱36.22 million, respectively (see Note 16).

The loan agreement requires the Sarangani to maintain debt service reserve account. As at December 31, 2018 and 2017, the balance of debt service reserve account amounted to ₱680.00 million and ₱183.47 million, respectively (see Note 14). Throughout the term of the loan, the debt service reserve account is required to have a balance of not less than the required debt service reserve account balance as determined by the facility agent plus the sum of the principal and interest payments on the loan falling due on the next principal repayment or interest payment date.

The deferred financing costs pertain to the documentary stamp taxes, mortgage fees, legal and other fees (debt issue costs) incurred by the Company in relation to the Omnibus Loan and Security Agreement (OLSA) dated April 4, 2017. Upon drawdown from the loan facility covered by the OLSA, a portion of the debt issue costs shall be allocated to, and deducted from, the principal drawn amount to determine the carrying value of the loan. The debt issue costs allocated to the undrawn facility is presented as "Deferred financing costs" in the consolidated statement of financial position. The allocation shall be based on the amount of the principal drawn over the total facility. Debt issue costs allocated to drawn facility in 2018 and 2017 amounted to ₱152.43 million and ₱48.07 million, respectively, and were presented against long-term debts. As at December 31, 2018 and 2017, the unutilized deferred financing cost of Sarangani amounted to ₱39.80 million and ₱157.96 million, respectively.



In 2016, Sarangani wrote off the remaining balance of deferred financing costs amounting to ₱0.5 million recorded under “Others” under “Other Income (Charges)” account, since there will be no expected additional loans to be drawn.

Deferred financing costs as at December 31, 2018 and 2017 are shown below:

	2018	2017
Balance at beginning of year	₱157,956,627	₱206,030,383
Additions	34,274,844	—
	192,231,471	206,030,383
Less amount allocated to drawn facility (Note 14)	152,434,479	48,073,756
Balance at end of year	₱39,796,992	₱157,956,627

MPC

On July 15, 2013, MPC entered into a fixed interest rate long-term OLSA amounting to ₱900 million from a local bank. The loan is payable in 11 semi-annual principal amortizations beginning immediately at the end of the first year from loan drawdown, August 16, 2014, up to August 16, 2019. Interest is computed as the sum of the spread and the applicable benchmark rate, based on outstanding facility amount, and calculated on the basis of the actual number of days elapsed in a year of 360 days. The fixed rate shall be subject to a floor rate of 6.25% per annum, excluding gross receipt tax. The interest is payable every six months reckoned from August 16, 2013, the initial drawdown date. On August 16, 2013, MPC made the first drawdown on the loan amounting to ₱800 million.

MPC is subject to certain negative covenants which require prior approval of the creditors for specified corporate acts, such as dividend declarations, amendment of articles of incorporation and by-laws, incurrence of additional debt and sale or disposal of a substantial portion of their assets, among others. MPC is also required to maintain certain financial and nonfinancial ratios. As at December 31, 2018 and 2017, MPC was unable to meet the required debt service coverage ratio and certain nonfinancial ratios. Although MPC was not able to meet the required certain financial and nonfinancial ratios as at December 31, 2018, management was able to settle its full outstanding balance on February 14, 2019.

The OLSA is also subject to a floor cap interest rate wherein interest payment will be at the rate equal to the higher of (a) minimum interest rate of 6.25% per annum or (b) a PDST-F benchmark bid yield for six (6) year treasury securities plus 2.25% spread per annum. Through interpolation, MPC assessed that the floor cap interest rate option is not required to be separated from the debt contract since it is clearly and closely related to the economic characteristics of the related debt contract. Interest payments are computed using benchmark interest rates in 2018 and 2017.

Under the terms of the OLSA, MPC shall provide collateral security which shall consist of mortgage on the MPC’s land and CHC’s IDPPs I and II. As at December 31, 2018 and 2017, the carrying amount of MPC’s land mortgaged and CHC’s IDPPs I and II as collateral amounted to ₱290 million.

Interest expense related to long-term debt charged to operations, excluding amortization of transaction costs, amounted to ₱22 million and ₱37 million in 2018 and 2017, respectively (see Note 26). Interest payable on this long-term debt amounted to ₱7 million and ₱11 million as at December 31, 2018 and 2017, respectively (see Note 16).



Amortization of transaction costs amounted to ₱2 million and ₱3 million in 2018 and 2017, respectively (see Note 26).

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#### 19. Decommissioning Liability

Under their ECC, SPPC, WMPC and Sarangani have an obligation to decommission or dismantle its power plant complex at the end of the useful lives of the power plant assets. In this regard, SPPC, WMPC and Sarangani established a provision to recognize their estimated liability for the dismantlement of their power plant complex.

Movements in decommissioning liability are as follows:

	2018	2017
Balances at beginning of year	₱205,731,535	₱176,117,468
Accretion (Note 26)	13,521,814	10,378,761
Effects of changes in estimated future decommissioning costs and discount rate:		
Recognized in the consolidated statement of income	6,942,739	—
Recognized as adjustment to property, plant and equipment (Note 12)	(26,786,871)	19,235,306
Balances at end of year	<b>₱199,409,217</b>	<b>₱205,731,535</b>

The actual decommissioning cost could vary substantially from the above estimate because of new regulatory requirements, changes in technology, increased cost of labor, materials, and equipment and/or actual time required in completing all decommissioning or dismantling activities.

The Group assesses the best estimate of cash flows required to settle the obligation on an annual basis.

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#### 20. Related Party Transactions

Parties are considered to be related if one party has the 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	Due from Related Parties (Note 8)	Terms	Conditions
Major stockholders	2018	₱62,941,349	₱1,011,520,388	Partly secured, no impairment
	2017	379,538,203	1,074,461,737	
Subsidiaries of major stockholders	2018	4,003,487	47,258,947	Unsecured, no impairment
	2017	66,929,442	43,255,460	
Affiliates	2018	45,679,259	57,824,400	Unsecured, no impairment
	2017	77,336,929	103,503,659	
Total	2018	₱112,624,095	₱1,116,603,735	
	2017	523,804,574	1,221,220,856	

- The Parent Company guarantees the obligations of SPPC and WMPC with NPC under the Operational Performance Bonds in accordance with the terms and conditions of the ECAs and to answer for the liabilities that SPPC and WMPC may incur in connection with the said Performance Bonds.
- On December 16, 2015, the Parent Company subscribed to 22 million redeemable preferred shares of Aldevinco, a shareholder, through conversion of its advances to Aldevinco amounting to ₱2.2 billion. The redeemable preferred shares have a ₱100 par value per share with cumulative dividend of 4% per annum and non-participating. The Parent Company accounts for this investment in redeemable preferred shares as part of AFS financial assets (see Note 13).

## 21. Equity

### Capital Stock

	2018		2017	
	No. of shares	Amount	No. of shares	Amount
<b>Authorized</b>				
Common - ₱1 par value	11,945,000,000	₱11,945,000,000	11,945,000,000	₱11,945,000,000
Preferred - ₱0.01 par value	5,500,000,000	55,000,000	5,500,000,000	55,000,000
		₱12,000,000,000		₱12,000,000,000
<b>Common</b>				
Issued and outstanding	6,291,500,000	₱6,291,500,000	6,291,500,000	₱6,291,500,000
<b>Preferred</b>				
Subscribed	5,500,000,000	55,000,000	5,500,000,000	55,000,000
Subscriptions receivable		(15,216,667)		(19,616,667)
		₱6,331,283,333		₱6,326,883,333

On May 24, 2011, the Philippine 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 ₱1.00 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:

- a. 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.
- b. 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. As at December 31, 2017, dividend in arrears is amounted to ₱176 million (nil as at December 31, 2018).
- c. 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.
- d. 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, AC subscribed to 5,500,000,000 preferred shares with par value of ₱0.01 per share, from the unissued authorized preferred shares of the Parent Company. On the same date, AC paid ₱14 million representing 25% of the subscription price of ₱55 million. As at December 31, 2017 and 2016, subscriptions receivable from AC amounted to ₱20 million and ₱24 million, net of the 8% dividends declared for preferred shares in 2017 and 2016, respectively.

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

As at December 31, 2018, the BOD approved the appropriation of its retained earnings for its equity contributions to the following projects:

Project Name	Nature/Project Description	Amount (in millions)	Timeline (Year)
SM200 1 & 2*	Phase 1 of the 200 MW coal-fired power plant in Maasim, Sarangani	₱800	2015
ZAM100	Construction of 105 MW coal-fired power plant in San Ramon, Zamboanga City	300	2016
Siguil	Hydro-electric power in Maasim, Sarangani	70	2017
Bago	Hydro-electric power in Negros Occidental	30	2019
SMI400	400 MW coal-fired power facility for future power requirements of the Tampakan copper-gold mine in South Cotabato	100	2019
		₱1,300	

\*Completion of Phase 2 has been extended to 2019.

\*\*The ₱200 million previously appropriated for IDPP 1 & 2 in 2012 has been reallocated to SM200 Phase 2 which is expected to be completed in 2019.

The Company declared the following cash dividends on its common shares:

Year	Date of Declaration	Amount	Per Share	Date of Record	Date of Payment
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 ₱4.4 million for years 2018 and 2017 were applied against the Company's subscriptions receivable from AC (see Note 25).

Equity Reserves

*Acquisition of non-controlling interest*

On July 2, 2013, the Parent Company entered into a Share Purchase Agreement to acquire 40% interest in voting shares of CHC, increasing its ownership to 100%. Cash consideration paid on August 1, 2013 amounted to ₱528 million (US\$12.16 million). The carrying value of the net assets of CHC was ₱2,456 million (US\$38.97 million). Following is the schedule of additional interest acquired in CHC in 2013:

Carrying value of the additional interest in CHC	₱982,232,166
Cash consideration paid to non-controlling interest	(527,910,397)
Excess of book value of non-controlling interest acquired over acquisition cost	₱454,321,769

The excess of book value of non-controlling interest acquired over acquisition cost was recognized in equity as follows:

Absorbed cumulative translation adjustment from acquired non-controlling interest	₱308,841,072
Included as part of other equity reserves	145,480,697
	₱454,321,769



*Disposal of a subsidiary without loss of control*

On November 27, 2017, the Parent Company sold its 50% ownership interest less 1 share of the voting and total outstanding capital stock ownership interest in ATEC equivalent to 14,952,678 common shares to GBPC for a total consideration amounting to ₱2,378 million, inclusive of retention receivable to be received upon issuance by BIR of the Certificate Authorizing Registration (see Note 8). The excess of the total consideration over the carrying value of the sold interest in ATEC amounting to ₱709 million (net of transaction cost) was recognized as part of equity reserves.

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## 22. Cost of Services

The Group's cost of services are as follows:

	2018	2017	2016
Fuel, oil and lubricants	₱3,108,956,357	₱3,134,962,268	₱3,492,692,072
Depletion, depreciation and amortization (Note 25)	816,573,811	819,444,633	674,892,189
Repairs and maintenance	348,936,579	256,573,959	178,565,159
Personnel costs (Notes 24 and 28)	148,584,120	140,994,972	121,369,576
Insurance expense	107,040,051	126,500,269	106,743,347
Contracted services	4,535,345	3,865,806	3,886,711
Property administration	2,083,611	1,921,042	1,775,909
Others	136,066,715	89,388,828	99,557,948
	₱4,672,776,589	₱4,573,651,777	₱4,679,482,911

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## 23. General and Administrative Expenses

The Group's general and administrative expenses are as follows:

	2018	2017	2016
Personnel costs (Notes 24 and 28)	₱187,408,697	₱169,603,937	₱152,014,520
Depreciation and amortization (Note 25)	55,373,203	62,089,299	36,975,535
Taxes and licenses	56,082,162	61,368,057	110,080,888
Outside services	57,079,097	61,295,823	74,866,677
Marketing expense	33,576,608	11,152,070	3,139,725
Transportation and travel	23,381,873	19,512,535	18,627,783
Utilities	14,915,093	19,460,181	15,463,889
Telephone, telegraph and postage	5,589,509	6,326,510	6,433,296
Representation	3,875,875	4,291,787	7,419,804
Customer relations	7,747,011	4,552,018	6,646,982
Directors and executive fees and bonuses	5,258,889	3,915,000	2,655,000
Supplies	1,662,900	2,118,594	1,775,336
Insurance	1,074,151	1,375,056	1,440,113
Commissions (see Note 33)	221,052	648,539	311,431
Others	33,888,133	134,401,838	92,956,114
	₱487,134,253	₱562,111,244	₱530,807,093

Others include costs of freight and brokerage fees, professional license upgrading, reproduction, supplies and other administrative expenses of the Group which are not individually material.



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#### 24. Personnel Costs

The Group's personnel costs are as follows:

	2018	2017	2016
Cost of services (Note 22)	<b>₱148,584,120</b>	₱140,994,972	₱121,369,576
General and administrative expenses (Note 23)	<b>187,408,697</b>	169,603,937	152,014,520
	<b>₱335,992,817</b>	₱310,598,909	₱273,384,096
Salaries, wages and bonuses	<b>₱269,899,195</b>	₱261,690,360	₱190,096,762
Retirement benefits costs (Note 28)	14,734,701	13,000,707	29,062,514
Other employee benefits	<b>51,358,921</b>	35,907,842	54,224,820
	<b>₱335,992,817</b>	₱310,598,909	₱273,384,096

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#### 25. Depreciation and Amortization

	2018	2017	2016
Cost of services (Note 22)	<b>₱816,573,811</b>	₱819,444,633	₱674,892,189
General and administrative expenses (Note 23)	<b>55,373,203</b>	62,089,299	36,975,535
	<b>₱871,947,014</b>	₱881,533,932	₱711,867,724
Property, plant and equipment (Note 12)	<b>₱868,238,700</b>	₱873,795,125	₱703,298,849
Amortization of software costs	3,572,819	7,545,328	8,235,470
Investments in real estate (Note 10)	<b>135,495</b>	193,479	333,405
	<b>₱871,947,014</b>	₱881,533,932	₱711,867,724

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#### 26. Finance Charges

	2018	2017	2016
Interest on long-term debts and loans payable (Notes 17 and 18)	<b>₱1,022,278,057</b>	₱1,130,424,317	₱787,723,781
Amortization of transaction costs and discount (Notes 17 and 18)	74,917,303	59,492,437	70,469,255
Loss on prepayment of long-term debts (Note 17)	<b>75,175,498</b>	-	-
Interest on decommissioning liability (Note 19)	<b>13,521,814</b>	10,378,761	6,959,708
	<b>₱1,185,892,672</b>	₱1,200,295,515	₱865,152,744



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## 27. Other Income (Charges)

	2018	2017	2016
Dividend income (Note 13)	₱264,000,000	₱-	₱-
Share in net income of associate (Note 11)	32,888,825		
Foreign exchange gain (loss) - net	20,400,819	(5,529,475)	(15,005,706)
Gain (loss) on sale of property and equipment and investment in real estate	866,268	1,829,595	(2,960,574)
Recovery of impairment losses on real estate inventories due to sale (Note 10)	483,327	1,172,249	476,624
Gain on sale of investment (Note 11)	-	34,339,109	-
Recovery of impairment loss on investment due to sale (Note 11)	-	13,725,000	-
Quitclaim settlement	-	12,908,826	-
Input VAT income	-	994,461	23,280,347
Reversal of accrual for compensated absences (Note 28)	-	110,001	-
Impairment loss (Note 14)	-	-	(245,376,195)
Income from decrease in decommissioning liability	-	-	9,140,983
Income from insurance claim (Note 8)	-	-	69,699,527
<b>Others</b>	<b>8,089,122</b>	<b>10,603,182</b>	<b>5,685,621</b>
	<b>₱326,728,361</b>	<b>₱70,152,948</b>	<b>(₱155,059,373)</b>

In 2017, WMPC received final settlement from Power Sector Assets and Liabilities Management Corporation (PSALM) totaling to ₱13 million in relation to its ECA with NPC which ended on December 15, 2015.

Others pertain significantly to sales of sludge and reversal of provisions.

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## 28. Employee Benefits

### a. Retirement Benefits

The Parent Company, ALC, MPC and Sarangani have unfunded, noncontributory defined benefit retirement plans while SPPC, WMPC, and APMC have funded, noncontributory defined benefit retirement plans covering all their qualified employees. Retirement benefits are dependent on the years of service and the respective employee's compensation. The Group's latest actuarial valuation report is as at December 31, 2018.

Under the existing regulatory framework, Republic Act. 7641, otherwise known as the Retirement Pay Law, requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided, however, that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

#### SPPC, WMPC and APMC

The tables below summarize the movements in net retirement assets of SPPC, WMPC and APMC.



As at December 31, 2018:

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Effect of Changes in Asset Ceiling	Net Retirement Assets
<b>At January 1, 2018</b>	<b>₱77,280,029</b>	<b>₱100,798,952</b>	<b>—</b>	<b>₱23,518,923</b>
Retirement benefits cost recognized in profit or loss:				
Current service cost	7,188,957	—	—	(7,188,957)
Net interest income	3,732,805	5,294,553	—	1,561,748
	<b>10,921,762</b>	<b>5,294,553</b>	<b>—</b>	<b>(5,627,209)</b>
Remeasurements gains (losses) recognized in OCI:				
Return on plan assets (excluding amount included in net interest)	—	(8,809,553)	—	(8,809,553)
Arising from changes in financial assumptions	(1,368,345)	—	—	1,368,345
Due to experience adjustments	(7,111,963)	—	—	7,111,963
	<b>(8,480,308)</b>	<b>(8,809,553)</b>	<b>—</b>	<b>(329,245)</b>
Benefits paid	(7,947,087)	(7,947,087)	—	—
Contributions paid	—	—	—	—
<b>At December 31, 2018</b>	<b>₱71,774,396</b>	<b>₱89,336,865</b>	<b>—</b>	<b>(₱17,562,469)</b>

	Present Value of Defined Benefit Obligation	Fair Value of Plan Assets	Effect of Changes in Asset Ceiling	Net Retirement Assets
<b>At January 1, 2017</b>	<b>₱72,917,351</b>	<b>₱94,471,696</b>	<b>(₱2,906,938)</b>	<b>₱18,647,407</b>
Retirement benefits cost recognized in profit or loss:				
Current service cost	6,387,631	—	(149,076)	(6,536,707)
Net interest income	3,473,728	4,628,973	—	1,155,245
	<b>9,861,359</b>	<b>4,628,973</b>	<b>(149,076)</b>	<b>(5,381,462)</b>
Remeasurements gains (losses) recognized in OCI:				
Return on plan assets (excluding amount included in net interest)	—	(₱9,093,274)	—	(₱9,093,274)
Arising from changes in financial assumptions	(700,528)	—	—	700,528
Due to experience adjustments	(4,798,153)	—	—	4,798,153
Changes in the effect of asset ceiling	—	—	3,056,014	3,056,014
	<b>(5,498,681)</b>	<b>(9,093,274)</b>	<b>3,056,014</b>	<b>(538,579)</b>
Contributions paid	—	10,791,557	—	10,791,557
<b>At December 31, 2017</b>	<b>₱77,280,029</b>	<b>₱100,798,952</b>	<b>—</b>	<b>₱23,518,923</b>

The Group Plan is being maintained by Banco de Oro Unibank, Inc. - Trust and Investments Group (BDO - TIG), a trustee bank.

The carrying amounts and fair values of the plan assets of the Group Plan follows:

	2018	2017
Cash and cash equivalents	5.46%	12.89%
Investments in unit investment trust fund (UITF)	58.66%	58.90%
Investments in shares of stock	2.61%	16.82%
Investments in debt and other securities	16.88%	10.15%
Investments in government securities	17.85%	0.86%
Others	(1.46%)	0.38%
	<b>100.00%</b>	<b>100.00%</b>



The plan assets of the Group Plan consist of the following:

- Cash and cash equivalents include regular deposit and time deposits which bear interest ranging from 1.75% to 2.00%;
- Investments in UITF are ready-made investments that allow the pooling of funds that are managed by BDO - TIG;
- Investments in shares of stock consist of quoted equity securities;
- Investments in debt and other securities, consisting of both short-term and long-term corporate notes and bonds, bear interest ranging from 4.38% to 8.46% and have maturities from 2014 to 2024;
- Investments in government securities, consisting of fixed rate treasury notes and retail treasury bonds bear interest ranging from 2.84% to 8.13% and have maturities from 2014 to 2037; and
- Other financial assets held by the Group Plan consist primarily of interest and dividends receivable.

**ACR, ALC, MPC and Sarangani**

The following tables summarize the movements in retirement benefits liabilities of the Parent Company, ALC, MPC and Sarangani:

	2018	2017
<b>Balances at beginning of year</b>	<b>(₱28,258,142)</b>	<b>(₱21,092,162)</b>
Retirement benefits cost charged in profit or loss:		
Current service cost	(7,469,761)	(6,501,190)
Interest cost	(1,637,731)	(1,118,055)
	(9,107,492)	(7,619,245)
Remeasurements gains (losses) recognized in OCI:		
Due to experience adjustments	(2,230,698)	(1,517,078)
Arising from changes in financial assumptions	4,198,169	1,979,824
Arising from changes in demographic assumptions	-	(9,481)
	1,967,471	453,265
Benefits paid	334,321	-
<b>Balances at end of year</b>	<b>(₱35,063,842)</b>	<b>(₱28,258,142)</b>

The net retirement assets and liabilities in the consolidated balance sheets are as follows:

	Net retirement assets		Retirement benefits liabilities	
	2018	2017	2018	2017
Funded	₱20,450,756	₱26,160,832	₱2,888,287	₱2,641,909
Unfunded	-	-	35,063,842	28,258,142
<b>Total</b>	<b>₱20,450,756</b>	<b>₱26,160,832</b>	<b>₱37,952,129</b>	<b>₱30,900,051</b>

**Actuarial Assumptions**

The principal assumptions used in determining retirement benefits obligation as at December 31 are as follows:

***SPPC, WMPC and APMC:***

	2018	2017
Discount rates	5.71%-6.97%	4.92%-5.17%
Future salary increases	4-5%	4%



*ACR, ALC, MPC, APSC and Sarangani:*

	2018	2017
Discount rates	5.71%-7.36%	5.19%-5.83%
Future salary increases	4%-10%	4%-10%

The Group has no specific matching strategies between the retirement plan assets and the defined benefit obligation under the retirement plans.

The sensitivity analysis shown in the next page has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligations, assuming all other assumptions were held constant.

As at December 31, 2018:

	SPPC, WMPC and APMC		ACR, ALC, MPC, APSC and Sarangani	
	Increase (Decrease)	Amount	Increase (Decrease)	Amount
Discount rates	+0.5%	(₱967,894)	+0.5%	(₱1,445,304)
	-0.5%	1,048,068	-0.5%	1,619,533
Salary increase rates	+1.0%	2,106,079	+1.0%	3,390,359
	-1.0%	(1,827,787)	-1.0%	(2,747,012)

As at December 31, 2017:

	SPPC, WMPC and APMC		ACR, ALC, MPC and Sarangani	
	Increase (Decrease)	Amount	Increase (Decrease)	Amount
Discount rates	+0.5%	(₱1,257,922)	+1.0%	(₱2,061,981)
	-0.5%	1,371,359	-1.0%	2,365,943
Salary increase rates	+1.0%	2,760,032	+1.0%	3,711,908
	-1.0%	(2,365,063)	-1.0%	(3,052,550)

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

	2018	2017
Less than 1 year	₱67,432,245	₱59,338,264
More than 1 year to 5 years	16,774,464	14,054,434
More than 5 years to 10 years	45,095,128	44,913,978
More than 10 years to 15 years	58,970,176	41,367,849
More than 15 years to 20 years	106,980,922	58,815,647
More than 20 years	1,231,065,772	715,364,857

b. Compensated Absences

All regular employees of CHC and its subsidiaries and Sarangani who have completed 12 months of continuous service are entitled to leave credits. Leave credits granted to each employee vary based on the employee's tenure and can be accumulated up to 60 days. Cost for vested leave credits are dependent on the mortality rate, disability rate, employee turnover rate, salary increase rate, discount rate, utilization rate and respective employee's compensation and leave credits.



Movements in the accrued leave credits (recognized under "Accrued expenses" account in "Accounts payable and other current liabilities") are as follows:

	2018	2017
Balances at beginning of year	₱11,768,307	₱15,065,609
Current service cost	3,450,334	4,517,870
Benefits paid	(1,681,544)	(7,705,171)
Reversal of accrual for compensated absences (Note 27)	-	(110,001)
Balances at end of year	<b>₱13,537,097</b>	<b>₱11,768,307</b>

## 29. Income Taxes

a. Provision for current income tax consists of:

	2018	2017	2016
RCIT	₱86,299,878	₱143,228,838	₱202,717,515
MCIT	286,334	322,175	3,348,857
<b>Total</b>	<b>₱86,586,212</b>	<b>₱143,551,013</b>	<b>₱206,066,372</b>

b. Following is the reconciliation between the statutory tax rate on income before income tax and the effective tax rates:

	2018	2017	2016
Statutory income tax rate	30.0%	30.0%	30.0%
Increase (decrease) in income tax rate resulting from:			
Unrecognized deferred income tax assets	23.0%	53.0%	11.7%
Translation adjustments, effect of change in tax rate, income of certain subsidiaries enjoying tax holidays and others - net	(33.0%)	(19.8%)	(11.3%)
<b>Effective income tax rate</b>	<b>20.0%</b>	<b>63.2%</b>	<b>30.4%</b>

c. Deferred income tax assets (liabilities) pertain to the income tax effects of the following:

	2018	2017	
	Net Deferred Income Tax Assets	Net Deferred Income Tax Liabilities	Net Deferred Income Tax Assets
<b>Deferred Income Tax Assets</b>			
Impairment losses on projects costs	₱4,274,186	₱-	₱4,274,186
Accrued vacation and sick leaves	3,197,201	1,147,565	2,967,670
Allowance for impairment loss	1,518,887	916,517	1,518,887
Unamortized past service cost	3,222,574	-	2,864,332
Unrealized intercompany transactions	28,762,188	60,363	19,847,047
Actuarial loss recognized in equity	2,418,280	429,375	148,351
Decommissioning liability	-	28,983,463	6,962,271
Retirement plan assets	-	4,108,001	3,353,075
NOLCO and MCIT	-	3,484,391	-
Unrealized foreign exchange losses	-	84,218	39,986
	<b>43,393,316</b>	<b>39,213,893</b>	<b>41,975,805</b>
			1,061,515

(Forward)



	2018	2017		
	Net Deferred Income Tax Assets	Net Deferred Income Tax Liabilities	Net Deferred Income Tax Assets	Net Deferred Income Tax Liabilities
<b>Deferred Income Tax Liabilities</b>				
Capitalized interest	₱-	(₱483,567,818)	(₱6,205,475)	(₱403,873,703)
Difference between tax and financial amortization of transaction costs	–	(19,759,886)	–	(31,509,918)
Effect of PFRS 15	–	(54,020,800)	–	–
Effect of change in functional currency	–	(44,340,918)	–	(35,934,519)
Fair value adjustment on real estate inventories, net of impairment	–	(147,368,957)	–	(167,545,032)
Difference between financial and tax depreciation	–	(93,894,856)	–	(67,600,824)
Equity in undistributed net earnings of a foreign subsidiary	–	(28,188,462)	–	(28,805,691)
Unrealized foreign exchange gains	–	(6,021,843)	(316,025)	(856,635)
Actuarial gains recognized in equity	–	(5,390,704)	–	(1,671,681)
Retirement plan assets	–	(4,951,246)	–	(2,450,704)
Accrued retirement cost	–	(903,812)	–	–
	–	(888,409,302)	(6,521,500)	(740,248,707)
	<b>₱43,393,316</b>	<b>(₱849,195,409)</b>	<b>₱35,454,305</b>	<b>(₱739,187,192)</b>

d. The following are the Group's deductible temporary differences and carryforward benefits of NOLCO and excess MCIT for which no deferred income tax assets are recognized in the consolidated financial statements because management believes that it is not probable that taxable income will be available against which the deferred income tax assets can be utilized:

	2018	2017
NOLCO	1,847,017,856	₱2,099,196,484
Impairment losses on property, plant and equipment	149,244,117	149,244,117
Allowance for doubtful accounts	44,893,549	44,893,549
Unrealized foreign exchange losses	9,331,949	9,331,949
Excess MCIT	3,915,731	3,643,790
Others	8,698,960	7,765,733

Movements of NOLCO and excess MCIT follow:

	2018	2017		
	NOLCO	Excess MCIT	NOLCO	Excess MCIT
Balances at beginning of year	₱2,099,196,484	₱3,643,790	₱1,955,954,528	₱3,348,858
Additions	693,160,180	286,334	639,624,581	322,175
Utilization and expiration	(945,338,808)	(14,393)	(496,382,625)	(27,243)
Balances at end of year	<b>₱1,847,017,856</b>	<b>₱3,915,731</b>	<b>₱2,099,196,484</b>	<b>₱3,643,790</b>

As at December 31, 2018, NOLCO and excess MCIT that can be claimed as deduction from taxable income and RCIT due, respectively, are as follows:

Years Incurred	Expiry Dates	NOLCO	Excess MCIT
2016	2019	501,921,022	3,227,025
2017	2020	712,015,455	402,372
2018	2021	633,081,379	286,334
		<b>₱1,847,017,856</b>	<b>₱3,915,731</b>



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### 30. Lease Commitments

#### Operating Lease Payments

In August 2003, SPPC entered into a contract for the lease of land owned by Sarangani Agriculture Company, Inc. until May 2016. On June 1, 2016, the lease contract was renewed for a term of 10 years starting June 1, 2016 until May 31, 2026. The lease contract provides for annual rent of ₱1 million and was accounted for on a straight-line method over the term of the lease. The lease contract shall be paid in three lump-sum payments in 2016, 2019 and 2022.

As at December 31, the future minimum rental payable under an operating lease contract follows:

	2018	2017
Within one year	₱1,300,000	₱—
After one year but not more than five years	5,200,000	5,200,000
More than five years	1,300,000	3,900,000
	<b>₱7,800,000</b>	<b>₱9,100,000</b>

#### Operating Lease Receipts

The Group entered into various operating lease contracts with various third-party lessees. The lease term is one year renewable annually. Total rental income from these lease agreements amounted to ₱12 million in 2018 and 2017.

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### 31. Financial Risk Management Objectives and Policies

The Group's principal financial instruments are composed of cash and cash equivalents, short-term cash investments, equity instruments designated at FVTOCI, 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 (including noncurrent portion of installment 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 December 31, before considering the effects of collaterals, credit enhancements and other credit risk mitigation techniques.

	2018	2017
Cash and cash equivalents*	₱3,474,206,341	₱4,383,520,548
Short-term cash investments	262,952,916	258,319,976
Trade and other receivables		
Trade receivables		
Power	1,325,587,506	991,377,885
Real estate**	81,758,990	79,665,777
Product distribution and others	—	19,119
Due from related parties	1,116,603,735	1,221,220,856
Contract asset	1,080,416,000	—
Retention receivables	44,455,481	143,009,378
Other receivables***	43,601,492	26,569,227
	<b>₱7,429,582,461</b>	<b>₱7,103,702,766</b>

\*Excludes cash on hand amounting to ₱0.4 million and ₱0.3 million as at December 31, 2018 and 2017, respectively.

\*\*Includes noncurrent portion of installment receivables amounting to ₱4.0 million and ₱6.3 million as at December 31, 2018 and 2017, respectively.

\*\*\*Excludes advances for business expenses and advances to employees totaling to ₱41.8 million and ₱58.5 million as at December 31, 2018 and 2017, respectively.

#### *Trade and other receivables from customers and contract assets*

The Group's trade and other receivables from customers 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

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 and short-term cash investments 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 following tables below summarize the credit quality of the Group's financial assets (gross of allowance for impairment losses) as at December 31:

	2018					
	Neither Past Due nor Individually Impaired			Past Due but not Impaired	Credit Impaired	Total
	Minimal Risk	Average Risk	High Risk			
Cash and cash equivalents*	₱3,474,206,341	₱-	₱-	₱-	₱-	₱3,474,206,341
Short-term cash investments	262,952,916			–	–	262,952,916
Trade and other receivables		–	–			
Trade receivables		–	–			
Power	1,325,587,506	–	–	–	33,467,626	1,359,055,132
Real estate**	81,758,990	–	–	–	13,163,091	94,922,081
Product distribution and others	–	–	–	–	31,730,458	31,730,458
Due from related parties	1,116,603,735	–	–	–	–	1,116,603,735
Contract asset	1,080,416,000	–	–	–	–	1,080,416,000
Retention receivables	44,455,481				–	44,455,481
Other receivables***	43,601,492	–	–	–	5,074,645	48,676,137
	₱7,429,582,461	₱-	₱-	₱-	₱83,435,820	₱7,513,018,281

\*Excludes cash on hand amounting to ₱0.4 million as at December 31, 2018.

\*\*Includes noncurrent portion of installment receivables amounting to ₱4.0 million as at December 31, 2018.

\*\*\*Excludes advances for business expenses and advances to employees totaling to ₱41.8 million as at December 31, 2018.

	2017					
	Neither Past Due nor Individually Impaired			Past Due but not Impaired	Individually Impaired	Total
	Minimal Risk	Average Risk	High Risk			
Cash and cash equivalents*	₱4,383,520,548	₱-	₱-	₱-	₱-	₱4,383,520,548
Short-term cash investments	258,319,976			–	–	258,319,976
Trade and other receivables		–	–			
Trade receivables		–	–			
Power	991,377,885	–	–	–	33,467,626	1,024,845,511
Real estate**	79,665,777	–	–	–	13,163,091	92,828,868
Product distribution and others	19,119	–	–	–	31,730,458	31,749,577
Due from related parties	1,221,220,856	–	–	–	–	1,221,220,856
Retention receivables	143,009,378				–	143,009,378
Other receivables***	25,964,728	–	–	–	5,074,645	31,643,872
	₱7,103,702,766	₱-	₱-	₱-	₱83,435,820	₱7,187,138,586

\*Excludes cash on hand amounting to ₱0.3 million as at December 31, 2017.

\*\*Includes noncurrent portion of installment receivables amounting to ₱6.3 million as at December 31, 2017.

\*\*\*Excludes advances for business expenses and advances to employees totaling to ₱38.5 million as at December 31, 2017.

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.



The Group maintains cash with various financial institutions that management believes to be of high credit quality. The Group's policy is to invest with financial institution from which it has outstanding loans and loan facilities.

The aging per class of financial assets and credit-impaired receivables as of December 31, 2018 follows:

	Current	1-90 days	> 90 days	Credit-impaired	Total
Cash and cash equivalents*	₱3,474,206,341	₱-	₱-	₱-	₱3,474,206,341
Short-term cash investments	262,952,916	-	-	-	262,952,916
Trade and other receivables:					
Trade receivables					
Power	655,756,453	669,831,053	-	33,467,626	1,359,055,132
Real estate**	15,502,426	66,256,564	-	13,163,091	94,922,081
Product distribution and others	-	-	-	31,730,458	31,730,458
Due from related parties	1,116,603,735	-	-	-	1,116,603,735
Contract asset	1,080,416,000	-	-	-	1,080,416,000
Retention receivables	44,455,481	-	-	-	44,455,481
Other receivables***	43,601,492	-	-	5,074,645	48,676,137
	₱6,693,494,844	₱736,087,617	₱-	₱83,435,820	₱7,513,018,281

\*Excludes cash on hand amounting to ₱0.4 million as at December 31, 2018.

\*\*Includes noncurrent portion of installment receivables amounting to ₱4.0 million as at December 31, 2018.

\*\*\*Excludes advances for business expenses and advances to employees totaling to ₱41.8 million as at December 31, 2018.

The aging per class of financial assets as of December 31, 2017 follows:

	Neither past due nor impaired	Past due but not impaired			Total
		1-90 days	> 90 days	Impaired	
Cash and cash equivalents*	₱4,383,520,548	₱-	₱-	₱-	₱4,383,520,548
Short-term cash investments	258,319,976	-	-	-	258,319,976
Trade and other receivables:					
Trade receivables					
Power	571,651,663	419,726,222	-	33,467,626	1,024,845,511
Real estate**	15,653,797	64,011,980	-	13,163,091	92,828,868
Product distribution and others	19,119	-	-	31,730,458	31,749,577
Due from related parties	1,221,220,856	-	-	-	1,221,220,856
Retention receivables	143,009,378	-	-	-	143,009,378
Other receivables***	25,964,728	604,499	-	5,074,645	31,643,872
	₱6,619,360,065	₱484,342,701	₱-	₱83,435,820	₱7,187,138,586

\*Excludes cash on hand amounting to ₱0.3 million as at December 31, 2017.

\*\*Includes noncurrent portion of installment receivables amounting to ₱6.3 million as at December 31, 2017.

\*\*\*Excludes advances for business expenses and advances to employees totaling to ₱53.5 million as at December 31, 2017.

### 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.



The table below summarizes the maturity profile of the Group's financial liabilities based on contractual undiscounted payments and financial assets (held for liquidity purposes):

	2018				
	Due and Demandable	Less than 3 Months	3-12 Months	More than 12 Months	Total
<b>Financial Liabilities:</b>					
Accounts payable and other current liabilities*	₱3,613,643,415	₱619,305,121	₱1,327,695	₱-	₱4,234,276,231
Loans payable **	40,000,000	315,701,000	100,000,000	215,701	455,916,701
Long-term debts**	-	473,850,720	8,142,196,817	15,931,645,264	24,547,692,801
	<b>₱3,653,643,415</b>	<b>₱1,408,856,841</b>	<b>₱8,243,524,512</b>	<b>₱15,931,860,965</b>	<b>₱29,237,885,733</b>
<b>Financial Assets:</b>					
Cash and cash equivalents	₱3,474,561,841	₱-	₱-	₱-	₱3,474,561,841
Receivables	722,030,358	574,241,332	58,656,130	96,020,168	1,450,947,988
Short-term cash investments	-	-	262,952,916	-	262,952,916
Deposits in interest reserve account	-	-	919,227,228	-	919,227,228
Due from related parties	1,116,603,735	-	-	-	1,116,603,735
Contract assets	-	-	-	1,080,416,000	1,080,416,000
Retention receivable	-	-	-	44,455,481	44,455,481
Equity instruments designated at FVTOCI	-	-	-	2,358,327,598	2,358,327,598
	<b>₱5,313,195,934</b>	<b>₱574,241,332</b>	<b>₱1,240,836,274</b>	<b>₱3,579,219,247</b>	<b>₱10,707,492,787</b>

\* Excluding accrued interest, payable to government agencies and advances from customers totaling to ₱423,628,614

\*\* Including interest payable computed using prevailing rate as at December 31, 2018

	2017				
	Due and Demandable	Less than 3 Months	3-12 Months	More than 12 Months	Total
<b>Financial Liabilities:</b>					
Accounts payable and other current liabilities*	₱2,390,902,856	₱763,273,875	₱140,554,502	₱195,431	₱3,294,926,664
Loans payable **	-	975,709,000	30,945,433	-	1,006,654,433
Long-term debts**	-	212,297,242	1,474,441,329	19,244,799,000	20,931,537,571
	<b>₱2,390,902,856</b>	<b>₱1,951,280,117</b>	<b>₱1,645,941,264</b>	<b>₱19,244,994,431</b>	<b>₱25,233,118,668</b>
<b>Financial Assets:</b>					
Cash and cash equivalents	₱4,383,802,048	₱-	₱-	₱-	₱4,383,802,048
Receivables	483,738,202	565,687,444	41,886,570	6,319,792	1,097,632,008
Short-term cash investments	-	-	258,319,976	-	258,319,976
Deposits in interest reserve account	-	-	476,457,032	-	476,457,032
Due from related parties	1,221,220,856	-	-	-	1,221,220,856
Retention receivable	-	100,000,000	-	43,009,378	143,009,378
AFS financial assets	-	-	-	2,353,993,021	2,353,993,021
	<b>₱6,088,761,106</b>	<b>₱665,687,444</b>	<b>₱776,663,578</b>	<b>₱2,403,322,191</b>	<b>₱9,934,434,319</b>

\* Excluding accrued interest, payable to government agencies and advances from customers totaling to ₱431,325,883

\*\* Including interest payable computed using prevailing rate as at December 31, 2017

### 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.



The table below demonstrates sensitivity analysis to a reasonably possible change in interest rates on long-term debts, with all other variables held constant, of the Group's income before income tax (through the impact on floating rate interest on borrowings). There is no effect on equity other than those already affecting the consolidated statements of income.

	2018		2017	
	Increase in Basis Points	Decrease in Basis Points	Increase in Basis Points	Decrease in Basis Points
Change in basis points	+100	-100	+100	-100
Increase (decrease) in income before income tax	(₱165,604,402)	₱165,604,402	(₱109,118,495)	₱109,118,495

#### 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.

Equity price risk of those AFS financial assets listed in the Philippine Stock Exchange and secondary or broker market (for golf club shares) is as follows:

	2018		2017	
	Increase in Equity Price	Decrease in Equity Price	Increase in Equity Price	Decrease in Equity Price
Change in equity price	+1%	-1%	+1%	-1%
Increase (decrease) in equity	₱1,369,188	(₱1,369,188)	₱1,073,542	(₱1,073,542)

#### 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.

In translating the foreign currency-denominated monetary assets and liabilities into peso amounts, the Philippine peso to U.S. dollar exchange rates used was ₱52.58 to US\$1.0 and ₱49.93 to US\$1.0 for December 31, 2018 and 2017, respectively.



The table below summarizes the Group's exposure to foreign currency risk. Included in the table are the Group's financial assets and liabilities at their carrying amounts.

	2018	2017	
	In U.S. Dollar	In Philippine Peso	In Philippine Peso
<b>Financial assets:</b>			
Cash and cash equivalents	\$1,026,641	₱53,980,784	\$2,740,371
Short-term cash investments	2,025,376	106,494,270	4,270,000
Trade and other receivables	5,227,160	274,844,073	2,018,688
	<b>8,279,177</b>	<b>435,319,127</b>	<b>9,029,059</b>
<b>Financial liabilities -</b>			
Trade payables	(8,710,275)	(457,986,260)	(8,666,727)
	<b>(\$431,098)</b>	<b>(₱22,667,133)</b>	<b>\$362,332</b>
			<b>₱18,091,241</b>

The table below demonstrates the sensitivity to a reasonably possible change in the U.S. dollar to Philippine peso exchange rate, with all other variables held constant, of the Group's income before income tax. The reasonably possible change in exchange rate was based on forecasted exchange rate change using historical date within the last five years as at the reporting period. The methods and assumptions used remained unchanged over the reporting periods being presented.

	2018		2017	
	Philippine Peso		Philippine Peso	
	Increase	Decrease	Increase	Decrease
Change in foreign exchange rate	+1.0	-1.0	+1.0	-1.0
Increase (decrease) in income before income tax	(₱226,671)	₱226,671	(₱180,912)	₱180,912

The increase in ₱ against US\$ means stronger U.S. dollar against peso while the decrease in ₱ against US\$ means stronger peso against U.S. dollar.

There is no other impact on the Group's equity other those already affecting the consolidated statements of income.

#### 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 balance sheet 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 2018 and 2017, respectively.

The Group monitors its capital based on debt to equity ratio. The Group includes within 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.



The Group's strategy, which was unchanged from prior year, was to maintain the debt-to-equity ratio and interest coverage ratio at manageable levels. The Group's debt-to-equity ratio and interest coverage ratio are as follows:

a. Debt-to-equity Ratio:

	2018	2017
Short-term loans	₱450,059,273	₱975,708,681
Long-term debts	22,781,653,828	18,709,921,947
<u>Interest payable</u>	<u>301,601,399</u>	<u>280,059,023</u>
Total debt	23,533,314,500	19,965,689,651
Total equity	11,494,843,770	11,009,060,783
Less equity reserves	2,518,570,606	2,494,305,135
Adjusted equity	₱8,976,273,164	₱8,514,755,648
Debt-to-equity ratio	2.62:1	2.34:1

b. Interest Coverage Ratio:

	2018	2017
Income (loss) before income tax	₱702,683,751	₱281,359,989
Add depreciation, amortization and interest expense	1,895,385,924	2,011,958,249
<u>Less: Interest income</u>	<u>62,966,406</u>	<u>37,863,224</u>
Total cash available for interest expense	2,535,103,269	2,255,455,013
Divided by interest expense	1,023,438,910	1,130,424,317
	2.48:1	2.00:1

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### 32. Financial and Non-financial Instruments

The Group held the following financial and non-financial instruments that are carried at fair value or where fair value is required to be disclosed:

As at December 31, 2018:

Carrying value	Fair Value			
	Total	Level 1	Level 2	Level 3
<b>Financial Assets</b>				
Measured at fair value -				
Equity instruments designated as FVOCI	₱2,358,327,598	₱2,358,327,598	₱48,048,830	₱88,110,000
				₱2,222,168,768
<b>Non-financial Assets</b>				
Fair value is disclosed -				
Investments in real estate	181,102,370	433,927,000	-	433,927,000
	₱2,539,429,968	₱2,792,254,598	₱48,048,830	₱88,110,000
				₱2,656,095,768
<b>Financial Liabilities</b>				
Fair value is disclosed -				
Long-term debts	₱22,781,653,909	₱21,345,790,304	₱-	₱21,345,790,304



As at December 31, 2017:

	Carrying Value	Total	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3
<b>Financial Assets</b>					
Measured at fair value -					
AFS financial assets	₱131,064,253	₱131,064,253	₱52,254,253	₱78,810,000	₱-
<b>Non-financial Assets</b>					
Fair value is disclosed -					
Investments in real estate	181,102,370	433,927,000	-	-	433,927,000
	₱312,166,623	₱564,991,253	₱52,254,253	₱78,810,000	₱433,927,000
<b>Financial Liabilities</b>					
Fair value is disclosed -					
Long-term debts	₱18,709,921,947	₱16,663,601,006	₱-	₱-	₱16,663,601,006

During the years ended December 31, 2018 and 2017, there were no transfers between Level 1 and 2 fair value measurements, and no transfers into and out of Level 3 measurements.

The following methods and assumptions are used to estimate the fair value of each class of financial and non-financial instruments:

*Cash and cash equivalents, short-term cash investments, and trade and other receivables*  
The carrying amounts of these financial assets approximate their fair values due to the short-term maturity of those instruments and the effect of discounting the instruments is not material.

*Financial assets at FVTOCI/AFS financial assets*

The Group's financial assets include investments in quoted and unquoted securities and golf club shares. The fair value of investment in quoted securities is determined based on the closing market rate in PSE as at balance sheet dates. The fair value of investment in golf club shares which are traded in organized financial markets is determined based on any price within the lower selling quotes and higher buyer quotes at the close of business at reporting date.

As of December 31, 2018, the Group's investment in unquoted equity instruments is measured at fair value using the adjusted net asset value approach as of December 31, 2018 (see Note 13).

The significant unobservable inputs used in the fair value measurements categorised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at 31 December 2018 are shown below:

Significant unobservable inputs	Range	Increase (Decrease)	Amount
Price per square meter for Investment properties	₱22,484 - ₱77,000	+1% -1%	₱1,154,616 (1,154,616)
Cost multiplier for real estate inventories	2.29 times	+1% -1%	6,561,279 (6,561,279)

As of December 31, 2017, investment in unquoted securities are carried at cost in the absence of a reliable basis of determining its fair values due to unpredictable nature of future cash flows and lack of suitable method in arriving at a reliable fair value.

*Accounts payable and other current liabilities and loans payable*

The carrying amounts of these financial liabilities approximate fair value because of the short-term maturity of these instruments.



*Long-term debts*

The fair value of long-term debts with variable interest rates approximates its carrying amounts due to quarterly repricing of interest. The fair value of long-term debts with fixed interest rate and long-term debts with variable interest rates subject to semi-annual repricing of interest is determined by discounting the estimated future cash flows using the discount rates applicable for similar types of instruments.

*Investments in real estate*

Please see Note 10 for the basis of fair value.

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### 33. Significant Agreements and Commitments

a. ECAs

SPPC and WMPC, under separate ECAs with NPC, have constructed a 55 MW and a 100 MW bunker C-fired diesel generator power plants in General Santos City and Zamboanga City, respectively, under a BOO scheme. NPC supplies all fuel necessary to generate electricity, with all electricity generated purchased by NPC at a price calculated based on the formula provided in the ECAs. SPPC and WMPC shall, directly or indirectly, own the power plants and shall operate and manage the power plants and provide all power generated to NPC for a period of 18 years up to April 28, 2016 and December 12, 2015, respectively. Upon expiration of the 18-year cooperation period, the ECAs may be renewed upon the sole option of NPC. On April 28, 2016 and December 12, 2015, ECA with SPPC and WMPC have expired and not renewed by NPC, respectively.

The covering agreements also contain certain provisions with respect to NPC's payment to SPPC and WMPC, subject to certain conditions, of the total remaining amounts of the capacity fees until the end of the cooperation period, in the event of amendment, modification or repeal of any Philippine laws or any government regulations that will materially reduce, prejudice or otherwise adversely affect the companies' interest in the project or the power plant/station, and/or the economic return on their investments.

The ECAs qualify as operating leases as SPPC and WMPC sell all their outputs to NPC. Energy fees earned on the ECAs amounted to ₱240 million in 2016 (nil in 2018 and 2017).

b. Operations and Maintenance (O&M) Service Agreements

Under an Advisory Service Agreement, AIL provides PT Makassar Power (PTMP), which is an independent power producer based in Indonesia, with technical advisory services in connection with the operation and maintenance of a power plant in Indonesia for specified monthly fee of \$44,600 from August 2011 to April 2012 and \$46,600 from May 2012 to April 2015. On April 20, 2015, PTMP extended the Advisory Service Agreement with AIL for another year starting May 1, 2015. On April 30, 2016, AIL's contract with PTMP officially ended.

Total billings to PTMP amounted to ₱8 million in 2016 (nil in 2018 and 2017).

c. PSAs and ASPA

Starting December 13, 2015 and April 29, 2016, WMPC, and SPPC, respectively, arranged for PSAs with the following electric cooperatives and distribution utilities:

WMPC

Contracting Party	Contracted Capacity (in Megawatts)
Zamboanga City Electric Cooperatives, Inc. (ZAMCELCO)	50
Cagayan Electric Power and Light Company, Inc. (CEPALCO)	30
	80



In January 2016, WMPC entered into interim PSAs with Davao Light and Power Company, Inc. (DLPC) and Cotabato Light and Power Company, Inc. (CLPC) for a period of four months with contracted capacity of 18 MW and 2 MW, respectively.

On September 25, 2017, CEPALCO requested to suspend its PSA starting October 2017 because based on the current supply-demand condition within its franchise area, CEPALCO will not be requiring the 30 megawatts capacity from WMPC for the meantime. Consequently, on September 26, 2017, WMPC agreed to the requested suspension. The unexpired term of the PSA between WMPC and CEPALCO shall be preserved and will resume upon prior written notice from the latter.

On September 8, 2018, WMPC filed an application with the ERC for the approval of ASPA between WMPC and National Grid Corporation of the Philippines. The approval of ASPA remains pending to date.

Revenue from contracts with customers from PSAs amounted to ₱1,380.93 million in 2018 while energy fees from PSAs amounted to ₱1,375.49 million in 2017.

SPPC

Contracting Party	Contracted Capacity (in Megawatts)
Davao Light Power Company (DLPC)	50
Cotabato Light and Power Company, Inc. (CLPC)	5
	55

The PSAs with CLPC and DLPC expired on April 28, 2018 and April 29, 2018, respectively, which were neither extended nor renewed.

Revenue from contracts with customers from PSAs amounted to ₱121.24 million in 2018 while energy fees from PSAs amounted to ₱405.28 million in 2017.

MPC

The details of MPC's contracted capacity (in Megawatts) with electric cooperatives based on the PSAs entered as at December 31 are as follows:

Contracting Party	Contracted Capacity (in Megawatts)	
	2018	2017
CEPALCO	30	30
Surigao Del Sur I Electric Cooperative, Inc. (SURSECO I)	4	4
ZAMCELCO	—	18
Zamboanga del Norte Electric Cooperative, Inc. (ZANECO)	—	5
South Cotabato II Electric Cooperative, Inc. (SOCOTECO II)	—	—
Agusan del Norte Electric Cooperative (ANEKO)	—	—
	34	57

On January 8 and June 9, 2016, MPC entered into a PSA with CEPALCO and SURSECO I, respectively, to supply energy for a period of ten (10) years.



The PSAs with ZAMCELCO and ZANECO expired on March 3, 2018 and July 31, 2018, respectively, which were not extended nor renewed.

Revenue from contracts with customers from PSAs amounted to ₱446.12 million in 2018 while energy fees from PSAs amounted to ₱545.22 million in 2017.

Sarangani

*Phase 1 of the Project*

Contracting Party	Contracted Capacity (in Megawatts)
SOCOTECO II	70
Iligan Light and Power Inc.	15
Agusan del Norte Electric Cooperative	10
Agusan del Sur Electric Cooperative	10
	105

*Phase 2 of the Project*

Contracting Party	Contracted Capacity (in Megawatts)
Cagayan Electric Power and Light Company, Inc.	20
Davao del Norte Electric Cooperative, Inc.	15
Davao del Sur Electric Cooperative, Inc.	15
Cotabato Electric Cooperative, Inc.	10
South Cotabato I Electric Cooperative, Inc.	10
Zamboanga del Sur I Electric Cooperative Inc.	5
Zamboanga del Norte Electric Cooperative Inc.	5
	80

Revenue from contracts with customers from PSAs amounted to ₱4,727.51 million in 2018, while energy fees from PSAs amounted to ₱4,168.08 million in 2017.

SRPI

In March 2013, SRPI entered into a PSA with ZAMCELCO for a period of 25 years from start of the SRPI's commercial operation. Contracted capacity for the related PSA was 85 MW. On September 15, 2014, Energy Regulation Commission approved the above PSA. SRPI has not entered into any additional PSA in 2018 and 2017.

d. Lease Commitments

SPPC has a contract for the lease of land owned by Sarangani Agriculture Co., Inc. until May 2026. The lease contract provides for annual rent of ₱1 million and shall be paid in three lump-sum payment in years 2016, 2019 and 2022. The lease contract was accounted for on a straight-line method over the term of the lease.

e. Joint Venture Agreements

ALC has a Joint Venture Agreement with SLRDI for the development of ALC's parcels of land at General Trias, Cavite into a commercial and residential subdivision with golf courses, known as the Eagle Ridge Golf and Residential Estates (Eagle Ridge). The entire development shall be undertaken by SLRDI which shall receive 60% of the total sales proceeds of the lots of the subdivision, both commercial and residential, and of the golf shares. The remaining balance of 40% shall be for ALC. ALC's 40% share in the proceeds and in the cost of the lots sold is shown



as part of "Sales of real estate" and "Cost of real estate sold" accounts, respectively, in the consolidated statements of income. ALC's share in the unsold lots is included under "Real estate inventories" account in the consolidated balance sheets.

In 2006, ALC entered a joint venture agreement with Sunfields Realty Development Inc., the developer, for the development of ALC's parcels of land at Lipa and Malvar, Batangas into residential house and lots, called as the Campo Verde Subdivision. The entire development costs were shouldered by the developer. In return to their respective contributions to the project, the parties have agreed to assign a number of units of residential house and lots proportionate to their respective contributions computed as specified in the Memorandum of Agreement. The developer was assigned as the exclusive marketing agent and receives 10% of the total contract price, net of value-added tax and discounts, as marketing fee. Sales and cost of lots sold allocated to ALC are shown as part of "Real estate sales" and "Cost of real estate sales" accounts, respectively, in the consolidated statements of income.

On March 21, 2013, Aldevinco and ACIL (collectively referred as "AG") and Ayala Land, Inc. (ALI) entered into a joint venture agreement, where ALI shall own 60% and AG shall own 40% of the outstanding capital stock of the Joint Venture Corporation (JVC), Aviana. On September 17, 2013, Aviana was incorporated as the JVC. ACR has subscribed to 296 preferred shares and 32 common shares for 34% ownership in Aviana.

f. Marketing Agreements

ALC and SLRDI have a Marketing Agreement with Fil-Estate Group of Companies (FEGC) for the latter to market and sell the individual lots at Eagle Ridge. FEGC is entitled to a marketing commission of 12% of the sales contract price.

g. Engineering, Procurement and Construction Contract (EPC)

Sarangani

On March 30, 2011, Sarangani entered into EPC contract with the consortium of Daelim Industrial Co. Ltd, a company incorporated in Korea, and Daelim Philippines Incorporated, a company incorporated in the Philippines ("Contractor"). Under the terms of the contract, the Contractor shall perform any and all services and provide any and all equipment and construction equipment necessary to perform the work in accordance with the EPC contract on a fixed-price, turnkey basis and shall deliver a fully operational power plant facility (SM 200). On December 29, 2011 and May 24, 2012, Amendments 1 and 2 to the EPC, respectively, were signed, revising certain portions of the EPC. Construction of Phase 1 of the SM200 commenced in January 2013 and was completed in April 2016.

On July 6, 2016, Sarangani entered into EPC contract with JGC Corporation, a company incorporated in Japan, and JGC Philippines, Inc., a company incorporated in the Philippines ("JGC"). Under the terms of the contract, JGC shall install the second 105 MW unit and associated auxiliaries in accordance with Sarangani's requirements. On October 14, 2016, the formal Notice to Proceed was issued to JGC.

The construction of Phase 2 (105 MW) commenced in January 2017 and is expected to be completed in April 2019 (see Note 1).

h. Registration with Zamboanga City Special Economic Zone Authority (ZAMBOECOZONE) and Kamanga Agro-Industrial Economic Zone



On November 20, 2012, SRPI obtained the certificate of registration and tax exemption issued by ZAMBOECOZONE. As a registered ZAMBOECOZONE enterprise, SRPI shall enjoy incentives and benefits provided for in Republic Act (R.A.) 7903 Sections 4(e) and 4(f) and Sections 43-44, 57-59 and 62 of R.A. 7903 throughout the Lease Agreement with ZAMBOECOZONE.

On June 7, 2011, PEZA approved Sarangani's registration as an Ecozone Utilities Enterprise inside Kamanga Agro-Industrial Economic Zone located at Barangay Kamanga, Maasim, Sarangani Province.

As a power generation registered economic zone enterprises SRPI and Sarangani are entitled to the following incentives:

- (a) Exemption from national and local taxes and in lieu thereof payment of a special tax rate of 5% on gross income; and
- (b) Tax and duty free importation of capital equipment, machineries and spare parts. VAT-zero rating on local purchases subject to compliance with BIR and PEZA regulations/requirements.

i. Land Lease Agreement with ZAMBOECOZONE

On January 27, 2013, SRPI entered into a Land Lease Agreement with ZAMBOECOZONE for a period of 31 years from execution of the lease agreement. The leased properties consist of:

(a) 300,000 sq.m. for the Main Power Plant Area; and (b) 37,000 sq.m. for the Port Facility Area. Payment of monthly rental will commence on October 1, 2013 and subject to fee escalation.

On January 27, 2014, SRPI received billing from ZAMBOECOZONE covering period October 1, 2013 to December 31, 2013. However, SRPI requested for the deferment of the recognition of its rental obligations to ZAMBOECOZONE for the three (3) months period ended December 31, 2013 pending resolution of the certain conditions requisite for the start of rental payments. SRPI requested for revised billing to reflect the three-month deferment of the full rental rates.

On April 2, 2014, ZAMBOECOZONE issued the revised billing to SRPI amounting to ₱10 million for the period starting January 1, 2014 to March 2015. In response to the revised billing, SRPI wrote to ZAMBOECOZONE on October 24, 2014 communicating that while the plant site was cleared of informal settlers, the conflicting positions taken by the Department of Agrarian Reform and the Office of the Government Corporate Counsel on land-use conversion made the use of the land for industrial purposes uncertain. Despite the issue on land-use conversion, SRPI tendered payment of ₱10 million to show good faith and willingness to continue with the contract.

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#### 34. Contingencies

The Group is currently involved in certain regulatory matters of which estimate of the probable costs for its resolution has been developed in consultation with the Group's advisors handling the defense on these matters and is based on the analysis of potential results. Such potential results are not reflected in the consolidated financial statements as management believes that it is not probable that the contingent liabilities will affect the Group's operations and consolidated financial statements.



### 35. Notes to Consolidated Statements of Cash Flows

a. The principal noncash investing and financing activities are as follows:

	2018	2017	2016
<b>Financing activity:</b>			
Application of dividends to subscriptions receivable (Note 21)	(₱4,400,000)	(₱4,400,000)	(₱4,400,000)
<b>Investing activities:</b>			
Share in net income of associate (Note 10)	32,888,825	—	—
Gain on sale of property and equipment	866,268	—	—
Disposal of subsidiaries without loss of control (Note 1)	—	1,495,267,800	—

b. Reconciliation of the movement of liabilities arising from financing activities as at and for the years ended December 31, 2018 and 2017 are as follows:

	2018		
	Loans payable	Short-term notes payable	Long-term debts
Beginning balance	₱975,708,681	—	₱18,709,921,947
<b>Cash movements:</b>			
Availment of additional debt	3,270,762,994	100,000,000	6,450,000,000
Settlement of debt	(3,891,575,815)	(5,997,368)	(2,299,590,081)
Payment of debt issue costs	—	—	(34,274,844)
<b>Noncash movements:</b>			
Amortization of debt issue costs	—	1,160,781	73,756,522
Allocation of debt issue costs to undrawn portion of OLSA	—	—	(118,159,635)
<b>Ending balance</b>	<b>₱354,895,860</b>	<b>₱95,163,413</b>	<b>(₱22,781,653,909)</b>

	2017	
	Loans payable	Long-term debts
Beginning balance	₱667,030,719	₱16,891,211,153
<b>Cash movements:</b>		
Availment of additional debt	1,529,777,962	2,450,000,000
Settlement of debt	(1,221,100,000)	(639,120,000)
Payment of debt issue costs	—	(206,030,383)
<b>Noncash movements:</b>		
Amortization of debt issue costs	—	55,904,550
Allocation of debt issue costs to undrawn portion of OLSA	—	157,956,627
<b>Ending balance</b>	<b>₱975,708,681</b>	<b>₱18,709,921,947</b>



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## 36. Other Matters

### a. Electric Power Industry Reform Act (EPIRA)

RA No. 9136, the EPIRA of 2001, and the covering Implementing Rules and Regulations (IRR) provide for significant changes in the power sector which include among others:

- i. The unbundling of the generation, transmission, distribution and supply and other disposable assets, including its contracts with IPP and electricity rates;
- ii. Creation of a Wholesale Electricity Spot Market within one year; and
- iii. Open and non-discriminatory access to transmission and distribution systems.

The law also requires public listing of not less than 15% of common shares of generation and distribution companies within 5 years from the effectivity of the EPIRA. It provides cross ownership restrictions between transmission and generation companies and between transmission and distribution companies, and a cap of 50% of its demand that a distribution utility is allowed to source from an associated company engaged in generation except for contracts entered into prior to the effectivity of the EPIRA.

There are also certain sections of the EPIRA, specifically relating to generation companies, which provide for a cap on the concentration of ownership to only 30% of the installed capacity of the grid and/or 25% of the national installed generating capacity.

Based on the assessment of management, the operating subsidiaries have complied with the applicable provisions of the EPIRA and its IRR.

### b. Clean Air Act

The Clean Air Act and the related IRR contain provisions that have an impact on the industry as a whole and on the Group in particular, that needs to be complied with. Based on the assessment made on the power plant's existing facilities, management believes that the operating subsidiaries



## INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors  
Alsons Consolidated Resources, Inc.  
Alsons Building, 2286 Chino Roces Avenue  
Makati City, Metro Manila, Philippines

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Alsons Consolidated Resources, Inc. and Subsidiaries (the Group) as at December 31, 2018 and 2017 and for each of the three years in the period ended December 31, 2018, included in this Form 17-A, and have issued our report thereon dated March 21, 2019. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Consolidated Financial Statements and Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for the purpose of complying with Securities Regulation Code Rule 68, As Amended (2011), and is not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

*Martin C. Guantes*  
Martin C. Guantes  
Partner  
CPA Certificate No. 88494  
SEC Accreditation No. 0325-AR-4 (Group A),  
August 23, 2018, valid until August 22, 2021  
Tax Identification No. 152-884-272  
BIR Accreditation No. 08-001998-52-2018,  
February 26, 2018, valid until February 25, 2021  
PTR No. 7332557, January 3, 2019, Makati City

March 21, 2019



**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY SCHEDULES**  
**DECEMBER 31, 2018**

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Supplementary schedules required by Securities Regulation Code Rule 68, As Amended (2011):

- Schedule of all the effective standards and interpretations
- Reconciliation of retained earnings available for dividend declaration
- Map of the conglomerate or group of companies within which the reporting entity belongs

**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**SUPPLEMENTARY SCHEDULE OF ALL THE EFFECTIVE STANDARDS AND**  
**INTERPRETATIONS**  
**AS OF DECEMBER 31, 2018**

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
<b>Philippine Financial Reporting Standards</b>				
PFRS 1	First-time Adoption of Philippine Financial Reporting Standards	✓		
PFRS 2	Share-based Payment		✓	
	Amendments to PFRS 2, Classification and Measurement of Share-based Payment Transactions			✓
PFRS 3	Business Combinations	✓		
PFRS 4	Insurance Contracts			✓
	Amendments to PFRS 4, Applying PFRS 9 Financial Instruments with PFRS 4 Insurance Contracts			✓
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations	✓		
PFRS 6	Exploration for and Evaluation of Mineral Resources			✓
PFRS 7	Financial Instruments: Disclosures	✓		
PFRS 8	Operating Segments	✓		
PFRS 9	Financial Instruments	✓		
PFRS 10	Consolidated Financial Statements	✓		
PFRS 11	Joint Arrangements	✓		
PFRS 12	Disclosure of Interests in Other Entities	✓		
PFRS 13	Fair Value Measurement	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
<b>Philippine Accounting Standards</b>				
PAS 1	Presentation of Financial Statements	✓		
PAS 2	Inventories	✓		
PAS 7	Statement of Cash Flows	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
PAS 10	Events after the Reporting Period	✓		

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> <b>Effective as of December 31, 2013</b>		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
PAS 12	Income Taxes	✓		
PAS 16	Property, Plant and Equipment	✓		
PAS 17	Leases	✓		
PAS 19	Employee Benefits	✓		
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✓
PAS 21	The Effects of Changes in Foreign Exchange Rates	✓		
PAS 23	Borrowing Costs	✓		
PAS 24	Related Party Disclosures	✓		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✓
PAS 27	Separate Financial Statements	✓		
PAS 28	Investments in Associates and Joint Ventures	✓		
	Amendments to PAS 28, Measuring an Associate or Joint Venture at Fair Value (Part of Annual Improvements to PFRSs 2014 - 2016 Cycle)			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Presentation	✓		
PAS 33	Earnings per Share	✓		
PAS 34	Interim Financial Reporting	✓		
PAS 36	Impairment of Assets	✓		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✓		
PAS 38	Intangible Assets	✓		
PAS 39	Financial Instruments: Recognition and Measurement	✓		
PAS 40	Investment Property	✓		
	Amendments to PAS 40, Transfers of Investment Property		✓	
PAS 41	Agriculture			✓
<b>Philippine Interpretations</b>				
Philippine Interpretation IFRIC-1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2013		Adopted	Not Adopted	Not Applicable
Philippine Interpretation IFRIC-2	Members' Shares in Co-operative Entities and Similar Instruments			✓
Philippine Interpretation IFRIC-4	Determining whether an Arrangement contains a Lease	✓		
Philippine Interpretation IFRIC-5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	✓		
Philippine Interpretation IFRIC-6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✓
Philippine Interpretation IFRIC-7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✓
Philippine Interpretation IFRIC-10	Interim Financial Reporting and Impairment			✓
Philippine Interpretation IFRIC-12	Service Concession Arrangements			✓
Philippine Interpretation IFRIC-14	PAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✓
Philippine Interpretation IFRIC-16	Hedges of a Net Investment in a Foreign Operation			✓
Philippine Interpretation IFRIC-17	Distributions of Non-cash Assets to Owners			✓
Philippine Interpretation IFRIC-19	Extinguishing Financial Liabilities with Equity Instruments	✓		
Philippine Interpretation IFRIC-20	Stripping Costs in the Production Phase of a Surface Mine			✓
Philippine Interpretation IFRIC-21	Levies	✓		
Philippine Interpretation IFRIC-22	Foreign Currency Transactions and Advance Consideration		✓	

<b>PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS</b> Effective as of December 31, 2018		<b>Adopted</b>	<b>Not Adopted</b>	<b>Not Applicable</b>
Philippine Interpretation SIC-7	Introduction of the Euro			✓
Philippine Interpretation SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
Philippine Interpretation SIC-15	Operating Leases - Incentives			✓
Philippine Interpretation SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✓
Philippine Interpretation SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✓
Philippine Interpretation SIC-29	Service Concession Arrangements: Disclosures			✓
Philippine Interpretation SIC-32	Intangible Assets - Web Site Costs			✓

**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR**  
**DIVIDEND DECLARATION**  
**DECEMBER 31, 2018**

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Retained earnings available for dividend declaration as at	
December 31, 2017	₱515,867,768
Add: Realization of gain on sale of financial assets	
at FVTOCI/AFS Investments	2,545,732
Less: Net loss incurred during the year	(104,796,840)
Dividends declared during the year	(230,894,000)
<b>RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION AS AT DECEMBER 31, 2018</b>	<b>₱182,722,660</b>

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*Note: In accordance with SEC Financial Reporting Bulletin No. 14, the reconciliation is based on the separate/parent company financial statements of Alsons Consolidated Resources, Inc.*

**Exhibit 2**

**SUPPLEMENTARY SCHEDULES  
DECEMBER 31, 2018**

**Schedule A: Financial Assets**  
**For the year Ended December 31, 2018**

<b>Name of Issuing Entity and Description of Each Issue</b>	<b>No. of Shares</b>	<b>Amounts Shown in the Balance Sheet</b>		<b>Received and Accrued</b>
		<b>Market Quotations at Balance Sheet Date</b>	<b>Interest and Dividend Income Received and Accrued</b>	
<b>Short-term deposit (cash equivalents)</b>				
Peso denominated short term deposit		642,712,993		2,589,296
U.S. Dollar denominated short term deposit		159,040,112		116,165
		<b>801,753,105</b>		<b>2,705,461</b>
<b>Short-term cash investments</b>				
U.S. Dollar denominated short term investments				
Peso denominated short term investments		262,952,916		1,052,223
		<b>262,952,916</b>		<b>1,052,223</b>
<b>Available-for-sale financial assets</b>				
Philodrill	566,720,000	7,367,360	7,367,360	
Seafront	15,544,911	40,416,769	40,416,769	
Globe Telecom	1,013	1,924,700	1,924,700	
ACR Mining Corporation	21,268,769	21,268,769	21,268,769	
Alsons Development & Investment Corp.	22,000,000	2,200,000,000	2,200,000,000	
Eagle Ridge Golf and Country Club	511	86,450,000	86,450,000	
Pueblo de Oro Development Corporation	2	900,000	900,000	
	<b>625,535,206</b>	<b>2,358,327,598</b>	<b>2,358,327,598</b>	
<b>TOTAL FINANCIAL ASSETS</b>	<b>625,535,206</b>	<b>3,423,033,620</b>	<b>2,358,327,598</b>	<b>3,757,684</b>

**SCHEDULE B – Accounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders**  
 (Other than Affiliates )  
 For the Year Ended December 31, 2018

Name and Designation	Beginning Balance	Additions	Collected	Written-off	Current	Non-Current	Ending Balance
<b>ACR</b>							
Aguilar, Tessie	10		10				-
Cortes, Sylvia	2,728		2728				-
Espanol, Benjamin	-	10,000					10,000
Manpalaz, Ma. Cleofas	R 2,000	8,000	2,000				8,000
Rupisan, Basilio	14,200						14,200
Simon, Jennifer		4,200					4,200
Saldivar, Jun Jr.	M 15,088	21,580	19,310				17,358
	34,026	43,780	24,048				53,758
<b>Alsons Land Corporation</b>							
Almadovar, Roberto	R 4,200		4,200				-
Saliba, Cecille	R 13,000						13,000
Soyangco, Pia Faye	R 8,000		8,000				-
Others	40,000	4,203					44,203
Hechanova, Jose Ma. Antonio	M -	11,927					11,927
Roa, Susan V.	R 78,971	26,249	14,273				90,947
	144,171	42,379	26,473				160,077
<b>Sarangani Energy Corporation</b>							
Abrot, Jeannie A.	9,750	26,000	9,688				26,062
Abueva, Denie B.		3,514					3,514
Alagos, Glenn Mark C.		950					950
Alba, Christine Juvin B.	1,500	3,497	1,500				3,497
Alboroto, Joseph T.	S 25,229	307,033					332,262
Alcala, Cris Mae Rose C.		99,900					99,900
Alcaraz, Estelita M.		105,942					105,942
Allawan, Aura Shane C.	R -	2					2
Allawan, Maximiano F.		2,239					2,239
Anas, Dave A.		15,400					15,400
Apostol Jr., Eduardo A.	23,500		23,500				-
Aquino, Ralph Benigno S.	S -	317,082					317,082
Asuero, Fritz B.	325,274		55,843				269,431
Atas, Adrian B.		45	45				-
Aton, Joel E.	M 25,741	5,191					30,932
Bagarinao, Shane L.	1,200	328,762	1,200				328,762
Balinas, Ann Marie Roselle D.		3,312					3,312
Bandi-anom, Jay-ar		3,136					3,136
Beduya, Cindy J.		2,590					2,590
Beljeda, Efren Caesar C.		316,124					316,124
Bitong, Jason Silverio B.		43,811					43,811
Buctuan, Jaime B. Jr.		40,449					40,449
Campos, Lyh Benzyl C.	10,000		10,000				-
Canonigo, Efren Jr.	S 316,124		61,723				254,401
Catapang, Cherrie L.		400					400
Cereno, Aiza L.	4,777		4,777				-
Cudilla, Edward Anthony G.		3,700					3,700
Danao, Arc Dio G.		69,141					69,141
Datu, Noel A.	18,750		18,750				-
De Jesus, Cyngrade V.		299,847					299,847
De Leon, Reginald L.	48	8,693	48				8,693
Del Rosario, Paul Richard M.	R 2,712	9,344					12,056
Dela Baryo, Lino L.		68,033					68,033
Delmo, Roxanne R.	R 8,000	60,382	8,000				60,382
Delos Santos, Joel E.	S 4,478	288,015	4,478				288,015
Derna-ala, Leonelo L.	R 413	13,279	413				13,279
Donato, Benna Jayne A.	R 17,084		16,369				715
Dulla, Maria Lourdes F.	2,000		2,000				-
Dumaran, Jerson D.		501					501
Dupio, Gilbert S.	33,761		24,985				8,776
Ebus, Alvin A.		2,400					2,400
Enriquez, Emmanuel O.	3,265	3,574	3,265				3,574
Ensomo, Edsel P.	310,577		53,594				256,983

Name and Designation	Beginning Balance	Additions			Current	Non-Current	Ending Balance
			Collected	Written-off			
Esberto, Ian Kesniel		271,916					271,916
Espadilla, Cecilio O. Jr.	S 305,911	75,584					381,495
Espanol, Benjamin Jr.	S 233,986		62,478				171,508
Espra, Marvin B.	R -	23,781					23,781
Estorque, Mary Jane P.	S 22,723	306,039					328,762
Esurena, Charlene N.		498		498			-
Flauta, Allan S. Jr.		16,576					16,576
Flores, Erick R.		63,316					63,316
Fucoy, Nicardo R.	O 12,932		12,932				-
Gabas, Ramon Caezar P.	R 80,165		74,596				5,569
Garcia, Renante M.	R -	118,825					118,825
Gaturian, Kimberly T.		250,142					250,142
Glang, Victor N.	R 48,015		20,152				27,863
Gonzales, Gregorio S. Jr.	M 4,550		4,550				-
Gregorio, Mark Oliver G.	R -	9,459					9,459
Hamoy, Norma J.		143,819					143,819
Honor, Mark Timothy B.		34,018		34,018			-
Imalay, Alex C.		3,273		2,943			330
Isla, Alamada M.		46,186					46,186
Jamili, Leodie M.	R -	5,017					5,017
Labao, Archimedes C.	S -	302,624					302,624
Ladaran, Em B.	S -	280,391					280,391
Lara, Maria Jiji		1,300					1,300
Ledesma, Rochie H.	R 25,166		21,806				3,360
Lepardo, Frederick S.		11,728					11,728
Linogao, Jeed R.	S 320,601		70,282				250,319
Lomongo, Jynelle Q.		25,000					25,000
Lopez, Rocher D.	S -	293,412					293,412
Magnabijon, Michael Nelson R.		956					956
Mahinay Sr., Ronald M.		7,170		7,170			-
Mahor, Israel R.		6,600		6,600			-
Majaducon, Ryan Jay E.		47,713					47,713
Manansala, Loren A.	S -	271					271
Maningo, Charmaine Joyce S.		260,319					260,319
Manlangit, Norman U.	S 6,789		6,789				-
Mediavilla, Argie C.		320,577	5,000	55,435			270,142
Megrenio, Mary Shower M.	S -	21,050					21,050
Megrenio, Renante P.	S 316,124		63,369				252,755
Mendoza, Karla Jean V.	R -	2,250					2,250
Mercado, Elsa J.	M 2,149						2,149
Mirasol, Glyzah Mae T.	R 5,488	63,842	5,079				64,250
Molinos, Jose Rey L.		329,239					329,239
Monterde, Joel F.	R 28,993	11,578					40,571
Morante, Harley Marvin C.		3,174					3,174
Murillo, Renie T.	S 302,588		55,262				247,326
Nale, Charlito D.		577					577
Necesario, Juan E.		30,000					30,000
Nocos, Joseph C.	O 9,453						9,453
Ola-a, Michael C.		490					490
Olvida, Casimiro V.	M -	11,576					11,576
Orellanida, Kirbie B.		23,355	6,115				17,240
Orquina, Lilian B.		12,500	1,678				10,822
Others		2,146					
Paglinawan, Julius T.	S 23		23				-
Palma, Mifel Japely S.		70,000	70,000				-
Paramo, Joel G.	S 173,244		67,664				105,580
Parantar Jr., Simplicio B.		16,197	2,135				14,063
Pasion, Romiro V.	S 259,360		90,702				168,658
Pechon, Ceferino R.	R 2,089		2,089				-
Pecolados, Randy		35,579					35,579
Porras, Kevin A.		76,809					76,809
Puas, Norguiadz S.		12,400	1,813				14,213
Ramos, Rona R.		17,893	339,886	17,893			339,886
Raqueno, Michelle Ross G.			39,568				39,568
Rinos, Cesar Dwight E.			43,991				43,991
Rosacena, Welmer P.		320,566	55,435				265,131
Rufo, Reyna A.	R 800		800				-
Sabado, Sherrie Lyn F.		17,334	6,134				11,200
Saise, Japheth R.			1,462				1,462

Name and Designation	Beginning Balance	Additions	Collected	Written-off	Current	Non-Current	Ending Balance
Sali, Charmaine Joyce R.	S	316,124		316,124			-
Salihol, Edna L.	R	13,257		13,257			-
Samson, Earl John T.			279,418				279,418
Seno, Seth S.	S	292,811	1,852	65,089			229,574
Serato, Edward P.	S	331,452	10,388	103,990			237,850
Silva, Justine Jose Allan P.	S	-	319,590				319,590
Simbulan, Sharon G.			2,200				2,200
Sobretodo, Angelito O.		5,417	5,583	5,417			5,583
Son, Reynold Y.			17,799				17,799
Soterio, Amalia A.			45,235				45,235
Suan, Alex M.	R	-	20,000				20,000
Sugal, Freddie C.	R	64,075		64,075			-
Sun, Elan Jay L.	R	-	19,401				19,401
Tagalogon, Harley J.		316,124		45,119			271,005
Talaugon, Billy D.			329,239				329,239
Tapan, Eiffel Germaine G.	R	184	23,399				23,583
Tesoro, Bernalita D.		84	4,320	84			4,320
Tito, Janaisha Bai M.	S	-	320,427				320,427
Tolentino, Allan P.	R	-	20,000				20,000
Valdehueza, Halley Bryan P.	S	52,327	191,349				243,676
Valderama, Alex N.	S	75,496	262,634				338,130
Zamora, Bernardo N.	M	-					-
		5,624,751	7,909,835	1,737,959	-	-	11,794,485

#### SOUTHERN PHILIPPINES POWER CORPORATION

Alcaraz, Estrelita		148,127		148,127			-
Arambala, Gilbert Kenn L.		6,195		6,195			-
Arocha Sr., Riel R.	R	14,924		14,924			-
Bacerra, Geronimo D.		6,740		6,740			-
Balladares, Andy Oliver J.	S	226,791		59,812			166,979
Bernabe Jr., Paulino D.	S	113,650		28,079			85,571
Bitong, Jason Silverio B.	R	16,772		16,772			-
Bonayon, Edgardo L.	S	263,141		68,515			194,626
Caminero, George L.	R	17,600		17,600			-
David, Jeomar R.		737		737			-
Gallarde, Cerlito T.	R	6,685		6,685			-
Hamoy, Norma D.	M	4,392					4,392
Lisondra, Llewellyn R.	S	245,659		245,624			35
Navalta Jr., Ramon B.		2,161		2,161			-
Orquina, Lilian B.	R	12,500		12,500			-
Pacson, Arturo P.	S	173,477		42,400			131,077
Parreño, Rey S.		3,838	2,882				6,720
Perez, Nonito D.	R	22,806		22,806			-
Sanchez, Jesus Senen A.	R	19,893		19,893			-
Saragena, Honoriolito E.	S	159,663		37,176			122,487
Sevilles, Edgar D.	O	7,241					7,241
		1,472,994	2,882	756,747	-	-	719,127

#### WESTERN MINDANAO POWER CORPORATION

Ancheta, Alquin Vox L.		25,000		25,000			-
Aba-a, Jonathan B.			20,000				20,000
Baile, Mario Jose C.	M	65,693		65,693			-
Banaag, John P.	S	17,084	3,749				20,833
Banaag, Ma. Melissa Margaret A.	S	8,229	2,188				10,417
Basilio, Albert B.	S	8,333					8,333
Castro, Rosnina S.			5,572				5,572
Contreras, Oscar Banadict III E.	M	200					200
Cabug-os, Danilo C.		240,325		61,682			178,643
Datu, Noel A.	S	200					200
Dauba, Cesar T. Jr.	R	20,833					20,833
Dela Cruz, Solita V.	M	1,316		1,316			-
Dionio, Alan Leroy	S	34,527		360			34,167
Donato, Archimedes B.			56				56
Ecla, Ma. Arlene A.			296,278				296,278

Name and Designation	Beginning Balance	Additions	Collected	Written-off	Current	Non-Current	Ending Balance
Espinosa, Joy F.	S 303,225		81,453				221,772
Fucoy, Nicandro R.	O 2,187		2,187				-
Guadalupe, Rogelio Jr. H	R 6,600	150					6,750
Kintanar, John Patrick R.	M 3,685		3,685				-
Lara, Maria Jiji		12,568					12,568
Llorente, Thesalonica T.	R 12,500						12,500
Lozano, Teresita B.	M 7,133		3,007				4,126
Mahinay, Lorenzo Jr. B.	R 21,806		21,806				-
Marcelino, Riel M.	6,583		6,583				-
Marin, Christopher Petronio	M	6,672					6,672
Mata, Reynold DG II		2,567					2,567
Monteron, Leonil L.	S 259,947		60,064				199,883
Nocos, Ernesto Joseph C.	11,524		11,524				-
Others	998		998				-
Porillo, Reynaldo A.	R 6,944		5,918				1,026
Revantad, Amedeo E	S -	300,618					300,618
Rivera, Alimodin S.	R 7,839		6,734				1,105
Sevilles, Edgar D.	11,730	50,327					62,057
Simbulan, Sharon G.	R 25						25
Simon, Jennifer S.		10,502					10,502
Soterio, Amalia A.	R 13,149						13,149
Torrejon, Jose Marie T.	M 160,147		37,900				122,247
Tungpalan, Ruben G.	1,500		1,500				-
Varias, Lorenzo F.	R 22	10,272					10,294
	<b>1,259,285</b>	<b>721,520</b>	<b>397,410</b>				<b>1,583,393</b>

#### Conal Holdings Corporation

Others	10,259	28,616		38,875
	<b>10,259</b>	<b>28,616</b>		<b>38,875</b>

#### MAPALAD POWER CORPORATION

Abing, Elcid B.	17,196		17,196				-
Abejo, Gary		10,817					10,817
Abejo, Sherwin L.	5,934	39,371					45,305
Agting, Charlie T.	6,668		6,668				-
Ansing, Bernard C.	6,847	7,077	6,847				7,077
Aya-ay, Pableo	R -						-
Balbutin, Melanie		24,500					24,500
Bontuyan, Rodel F.	6,544		2,800				3,744
Blancaflor, Fernando B.	286,712		49,579				237,133
Castro, Rosnina	354,327		354,327				-
Chambers, Clint Robert L.	R 3,500	1,517					5,017
Dagatan, Mervin M.	10,000		10,000				-
Dolorican, Judy S		302,587					302,587
Echavez, Ireneo Edmund E.	R 7,208		475				6,733
Escoto, Jeffrey E.	2,871		2,871				-
Imperio, Annie B.	R 25		25				-
Lampano, Keneath M	R 1,447		1,447				-
Malayao, Roger G.	R 1,686	1,647					3,333
Maraon, Dan Emmanuel M.	R 45,935		45,935				-
Morito, Leonardo J.	S 235,722		62,478				173,244
Nava Jr., Napoleon B.	S 221,169		221,169				-
Ramilo, Ruben B.	M 6,438		6,438				-
Remocaldo, Arnel D.	R 7,854		7,854				-
Sampuang, Alan G.	S 261,099		61,216				199,883
Saragena, Julius E.	R 16,250	16,125	16,250				16,125
Sinahon, Judith D.	9,468		9,468				-
Tacbobo, Ricardo G.	R 18,432		18,432				-
Villena, Carl Roy B.	R -	4,387					4,387
Yanez, Rey Lyndon V.	R 11,882		11,882				-
	<b>1,545,214</b>	<b>408,028</b>	<b>913,357</b>				<b>1,039,885</b>

Name and Designation	Beginning	Additions	Collected	Written-off	Current	Non-	Ending
	Balance					Non- Current	
<b>KAMANGA</b>							
Allawan, Maximiano F.	M	202,958		91,878			111,080
		202,958	-	91,878	-	-	111,080
<b>TOTAL</b>		<b>10,293,660</b>	<b>9,157,038</b>	<b>3,947,871</b>			<b>15,500,679</b>

Designation

R – Rank and File  
S – Supervisory

M – Manager  
O – Officer (Executive Office & Vice President)

**Schedule D: Intangible Assets – Other Assets**  
**For the Year Ended December 31, 2018**

<b>Intangible Assets</b>	<b>Beginning Balance</b>	<b>Deduction</b>	<b>Addition</b>	<b>Amortization</b>	<b>Revaluation</b>	<b>Ending Balance</b>
Computer Software	20,440,515		946,177	(3,572,819)		17,813,873
Goodwill	806,687,320					806,687,320
<u>Mining Rights</u>	-		-	-	-	-
	<b>827,127,835</b>	<b>-</b>	<b>946,177</b>	<b>(3,572,819)</b>	<b>-</b>	<b>824,501,193</b>

**ALSONS CONSOLIDATED RESOURCES, INC AND SUBSIDIARIES**  
**Schedule E: Long Term Debt**  
**For the Year Ended December 31, 2018**

<b>Title of Issue and Type of Obligation</b>	<b>Current Portion of Long-Term Debt in the Balance Sheet</b>	<b>Nonecurrent Portion of Long-Term Debt in the Balance Sheet</b>	<b>Total Long Term Debt</b>
<b>Parent Company</b>			
Philippine peso-denominated debt:			
Five-year fixed rate corporate note	-	4,507,478,921	4,507,478,921
Seven-year fixed rate corporate note	19,000,000	1,451,191,383	1,470,191,383
<b>CHC's Subsidiaries</b>			
<i>Mapalad Power Corporation</i>			
Six year peso denominated fixed rate debt	243,543,410		243,543,410
<b>Sarangani Energy Corporation</b>			
Thirteen and a half year peso denominated debt floating rate debt	899,350,021	7,057,093,082	7,956,443,103
Ten and a half year peso denominated floating rate debt		8,603,997,092	8,603,997,092
	<b>1,161,893,431</b>	<b>21,619,760,478</b>	<b>22,781,653,909</b>

**Schedule H: Capital Stock**

Title of Issue (2)	Number of Share authorized	Number of shares issued and outstanding	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by affiliates	Directors, officers and employees	Others
		at shown under related balance sheet caption	Warrants, conversion and other rights		(as of December 31, 2018)	
Common	11,945,000,000	6,291,500,000	None	5,031,047,697	600,307	1,259,851,996
Preferred	5,500,000,000	39,783,333		39,783,333		
	17,445,000,000	6,331,283,333		5,070,831,030	600,307	1,259,851,996

***Note: There were no significant changes in the Capital Stock of the Company since last 31 December 2018.***

- 1) Indicate in a note any significant changes since the date of the last balance sheet filed.
- 2) Include in this column each type of issue authorized.
- 3) Affiliates referred to include affiliates for which separate financial statements are filed and those included in consolidated financial statements, other than the issuer of the particular security.

**ALSONS CONSOLIDATED RESOURCES, INC.**

2286 Chino Roces Ave., Makati City

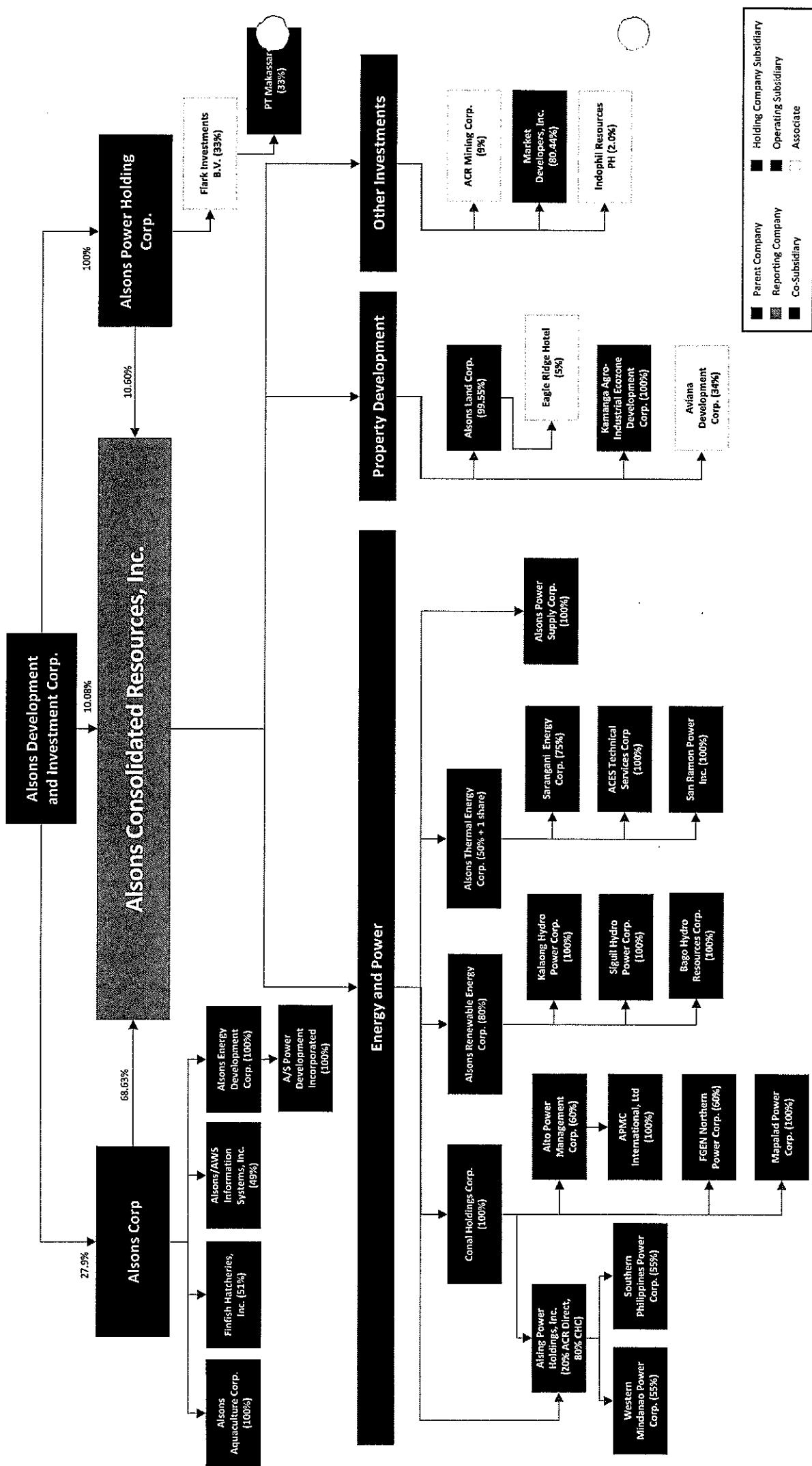
**Schedule of Retained Earning Available for Dividend Declaration**

December 31,2018

*Figures based on  
Parent Company  
Audited Financial  
Statements)*

Unappropriated Retained Earnings, beginning	Php515,867,768
Add: Realization of gain on sale of financial assets at FVTOCI/AFS Investments	2,545,732
Less: Net loss incurred during the year	(104,796,840)
Dividends declared during the year	(230,894,000)
Retained Earnings Available for dividends declaration as at December 31,2018	<b><u>Php182,722,660</u></b>

*Note: In accordance with SEC Financial Reporting Bulletin No. 14, the reconciliation is based on the separate/parent company financial statements of Alsons Consolidated Resources, Inc.*



**Additional Schedules**  
**Balance Sheet**

**1. Accounts Receivable: Breakdown of Accounts Receivable as of December 31, 2018**

Accounts Receivable – Trade	Php 1,481,688,030
Advances to Affiliates / Joint Ventures	1,116,603,735
Retention Receivable	44,455,481
<i>Accounts Receivable – Others:</i>	
Advances to contractors and suppliers	2,662,541
Advances to officers and employees	15,500,679
Advances for Business expenses	495,965
Miscellaneous and other Receivables	33,250,831
Total Accounts Receivable	2,694,657,262
Less: Allowance for doubtful accounts	(83,435,820)
Accounts Receivable – Net	<b>Php 2,611,221,442</b>

**2. Prepaid Expenses and Other Current Assets as of December 31, 2018**

Deposits in IRA	919,227,228
Input Tax	2,834,565
Creditable Withholding Tax	253,747,381
Other Prepayments	64,761,955
<b>Php 1,240,571,129</b>	

**3. Accounts Payable and Accrued Expenses as of December 31, 2018**

Accounts Payable	Php 2,775,058,065
Dividends Payable	185,000,000
Interest Payable	301,601,399
Output tax and withholding tax payable	86,787,902
Other accrued expenses	754,554,604
Advances from customers	35,239,313
Other current liabilities	519,663,562
<b>Total Accounts Payable &amp; Accrued Expenses</b>	<b>Php 4,657,904,845</b>

## Income Statement

### 1. Breakdown of Revenues and Cost of Goods Sold and Services (December 31, 2018)

	<u>Revenues</u>		<u>Cost</u>	
	<u>Continuing</u>	<u>Discontinued</u>	<u>Continuing</u>	<u>Discontinued</u>
Real Estate	Php16,410,658		Php7,478,621	
Services	6,649,860,461		4,672,776,589	
Total	Php6,666,271,119	Php0	Php4,680,255,210	Php0

### 2. Operating and Administrative Expenses for the year ending December 31, 2018

	<u>Continuing</u>	<u>Discontinued</u>
Personnel costs	Php187,408,697	
Others	75,211,752	
Depreciation and amortization	55,373,203	
Taxes and licenses	56,082,162	
Outside services	57,079,097	
Transportation and travel	23,381,873	
Utilities	14,915,093	
Representation	3,875,875	
Telephone, telegram and postage	5,589,509	
Directors' and executive fees and bonuses	5,258,889	
Supplies	1,662,900	
Insurance	1,074,151	
Commissions	221,052	
Gas and oil		
<b>Total</b>	<b>Php487,134,253</b>	<b>Php0</b>

## SUBSIDIARIES OF THE REGISTRANT

Alsons Consolidated Resources, Inc. had the following consolidated subsidiaries as of December 31, 2018:

<u>Name</u>	<u>Jurisdiction</u>
Alsons Land Corporation	Philippines
Conal Holdings Corp.	Philippines
Alsons Renewable Energy Corp.	Philippines
Alsons Thermal Energy Corp.	Philippines

### ACRI BUSINESS CHART

	Percentage Held by ACRI	Percentage Held by ACR Subsidiaries	Principal Activities	
	ACRI BUSINESS CHART			
	ACRI	Subsidiaries		
<b>ENERGY &amp; POWER</b>				
CONAL HOLDINGS CORPORATION	100.00		Holding Company	
-ALSING POWER HOLDINGS INC.	20.00	80.00	Holding Company	
-WESTERN MINDANAO POWER CORPORATION		55.00	Power Generation	
-SOUTHERN PHILIPPINES POWER CORP.		55.00	Power Generation	
-ALTO POWER MANAGEMENT CORPORATION		60.00	General and Technical Power Plant Management	
-APMC INTERNATIONAL LIMITED		100.00	General and Technical Power Plant Management	
-MAPALAD POWER CORPORATION		100.00	Power Generation	
-FGEN NORTHERN POWER CORPORATION		60.00	Power Generation	
ALSONS THERMAL ENERGY CORPORATION	50.00		Holding Company	
-SARANGANI ENERGY CORPORATION		37.50	Power Generation	
-ACES TECHNICAL SERVICES CORPORATION		50.00	Management Services	
SAN RAMON POWER INC.		50.00	Power Generation	
ALSONS RENEWABLE ENERGY CORPORATION	80.00		Holding Company	
BAGO HYDRO RESOURCES CORPORATION		80.00	Power Generation	
-SIGUIL HYDRO POWER CORPORATION		80.00	Power Generation	
-KALAONG POWER CORPORATION		80.00	Power Generation	
ALSONS POWER INTERNATIONAL LIMITED	100.00		Power Generation	
ALSONS POWER SUPPLY CORP.	100.00		Customer Service	
<b>PROPERTY DEVELOPMENT</b>				
ALSONS LAND CORPORATION	99.55		Real Estate	
KAMANGA AGRO-INDUSTRIAL ECOZONE DEVELOPMENT CORP.	100.00		Agro-Industrial Economic Zone	
AVIANA DEVELOPMENT CORP.	34.00		Real Estate	
<b>OTHER INVESTMENTS</b>				
ACR MINING CORPORATION ( formerly ACR Management Corporation)	9.00		Exploration and Mining	
MADE (Market Developers), INC.	80.44		Marketing and Distribution of Construction Material	

**ALSONS CONSOLIDATED RESOURCES, INC.**

**Schedule I: Computation of Public Ownership as of December 31, 2018**

	<b>Number of Shares</b>			
	<b>% to Total</b>			
	<b>% to Total I/O Shares</b>	<b>I/O Common Shares</b>	<b>I/O Preferred</b>	
<b>Number of Shares Issued and Outstanding</b>		<b>6,291,500,000</b>		<b>39,783,333</b>
<b>DIRECTORS:</b>				
TOMAS I. ALCANTARA	0.0000%	1		
EDITHA I. ALCANTARA	0.0016%	100,000		
ALEJANDRO I. ALCANTARA	0.0000%	1		
ARTURO B. DIAGO JR.	0.0000%	1		
TIRSO G. SANTILLAN JR.	0.0000%	1		
RAMON T. DIOKNO	0.0000%	1		
CONRADO C. ALCANTARA	0.0000%	1		
HONORIO A. POBLADOR III	0.0000%	100		
JACINTO C. GAVINO JR.	0.0000%	1		
JOSE BEN R. LARAYA	0.0000%	100		
THOMAS G. AQUINO	0.0000%	100		
<b>SUB - TOTAL</b>	<b>0.0016%</b>	<b>100,302</b>		
<b>OFFICERS:</b>				
TOMAS I. ALCANTARA	PRESIDENT	0.0000%	-	
TIRSO G. SANTILLAN JR.	EXEC. VICE PRESIDENT	0.0000%	-	
EDITHA I. ALCANTARA	TREASURER	0.0000%	-	
ROBERT F. YENKO	CHIEF FINANCIAL OFFICER	0.0000%	-	
ROBERTO SAN JOSE	CORPORATE SECRETARY	0.0080%	500,000	
ANGEL M. ESGUERRA III	ASST. CORPORATE SECRETARY	0.0000%	-	
<b>SUB - TOTAL</b>		<b>0.0080%</b>	<b>500,000</b>	
<b>PRINCIPAL STOCKHOLDERS:</b>				
ALSONS CORPORATION	41.2100%	2,592,524,072	100.0000%	39,783,333
ALSONS POWER HOLDINGS CORP.	19.8700%	1,249,999,599		
ALSONS DEVT & INVESTMENT CORP.	18.8900%	1,188,524,026		
<b>SUB - TOTAL</b>	<b>79.9700%</b>	<b>5,031,047,697</b>		<b>39,783,333</b>
<b>TOTAL SHARES HELD BY DIRECTORS, OFFICERS, PRINCIPAL STOCKHOLDERS &amp; AFFILIATES</b>		<b>79.9796%</b>	<b>5,031,648,004</b>	<b>100.0000%</b>
				<b>39,783,333</b>
<b>TOTAL NUMBER OF SHARES OWNED BY THE PUBLIC</b>	<b>20.0204%</b>	<b>1,259,851,996</b>		-
				-

Alsons Consolidated Resources, Inc and Subsidiaries  
Schedule of Financial Soundness

Years Ended December 31

Financial KPI	Definition	2018	2017	2016
<b>Liquidity</b>				
Current Ratio / Liquidity Ratio	Current Asset Current Liabilities	1.42:1	1.65:1	2.09:1
<b>Solvency</b>				
Debt to Equity Ratio / Solvency Ratio	Long-term debt (net of unamortized transaction costs)+Loans Payable (Total Equity -Other Equity Reserves)	1.94:1	1.74:1	1.96:1
<b>Interest Rate Coverage Ratio</b>				
Interest Rate Coverage Ratio	Earning Before Interest and Taxes Interest Expense	2.27:1	1.95:1	2.01:1
<b>Profitability Ratio</b>				
Return to Equity	Net Income Total Average Stockholders Equity	4%	1%	6%
<b>Asset-to Equity Ratio</b>				
Asset-to Equity Ratio	Total Asset Total Equity	3.00:1	2.76:1	2.88:1

**Alsons Consolidated Resources, Inc.  
and Subsidiaries**

**Reports on SEC Form 17-C filed during the Year  
Ended December 31, 2018**

**Alsons Consolidated Resources, Inc.**  
**SEC Form 17-C**

Summary of Disclosures filed to the Office of the Philippine Stock Exchange (PSE) and Securities and Exchange Commission (SEC) during the year ended *31 December 2018*:

<b>Date Filed</b>	<b>Description</b>
09 January 2018	Attendance of the Board of Directors at 2017 Board Meetings.
22 February 2018	An advisory on the approval of the Board of Directors on setting the date of the Annual Stockholders' Meeting of the Company to be held on 24 May 2018 and the record date on 9 March 2018.
22 March 2018	An advisory on the results of the Board of Directors meeting held on 22 March 2018 for the approval of the 2017 Audited Financial Statements of the Company; and a press statement entitled "Second Section of Alsons Sarangani Powert plant and other key projects on-tract to begin operating in 2019"
11 May 2018	A Press Statement by the Company entitled "Financial Times lists Alsons as one of Asia Pacific's fastest growing companies"
18 May 2018	A Press Statement by the Company entitled "Alsons Receives A+ Issuer Credit Rating for Proposed PhP1.5B CPs"
24 May 2018	Notice of Cash Dividend Declaration in the amount of ₱0.016 per share in favor of the common stockholders and ₱0.0008 per share in favor of the holder of the preferred voting shares as of 30 June 2018 and payable on 25 July 2018, out of the unrestricted retained earnings of the Corporation as of 31 December 2017.
24 May 2018	Declaration of Special Cash Dividends in the amount of ₱0.02 per share in favor of the common stockholders as of 30 June 2018 and payable on 25 July 2018, out of the unrestricted retained earnings of the Corporation as of 31 December 2017.
24 May 2018	Disclosure on the Results of the Annual Stockholders' Meeting and the Organizational Meeting of the Board of Directors held on 24 May 2018 at the New World Makati Hotel.
28 May 2018	A reply to the PSE query on the clarification to news articles entitled: 1) "Alsons NGCP agree to connect Sarangani power plant to General Santos substation" and 2) "ACR, Ayala to invest P20 billion to develop Davao City property" posted in BusinessMirror (internet edition) and BusinessWorld on May 28, 2018 confirming the contents of the article.
29 May 2018	Submission of the new Integrated Annual Corporate Governance Report (SEC Form- I-ACGR) as of 31 December 2017
06 August 2018	A reply to the PSE query on the clarification to news articles entitled "Alsons raise P2.5 billion from Commercial Paper Issuance" posted in the Business World Online on Aug. 6, 2018.
24 August 2018	A Press Statement by the Company entitled "Alsons power projects on track, Company's first half revenues hit P3.48B"
05 September 2018	A Press Statement by the Company entitled "Alsons mulling P1.5B CPs to partially fund various hydro power project developments"
24 September 2018	A reply to the PSE query on the clarification to news articles entitled "Alsons gets go signal to issue P2.5B CPs" posted in the philstar.com online on September 24, 2018.
26 October 2018	A Press Statement by the Company entitled "Alsons lists P2.5B CPs at PDEx"
26 November 2018	Submission of Certificate of Attendance of Directors and Officers who attended the Corporate Governance Seminar



111272018001307



## SECURITIES AND EXCHANGE COMMISSION

SECBuilding, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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Company Information

SEC Registration No. 0000059366

Company Name ALSONS CONSOLIDATED RESOURCES INC.

Industry Classification

Company Type Stock Corporation

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Document Information

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Document ID 111272018001307

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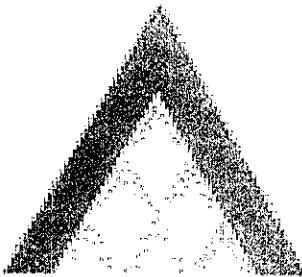
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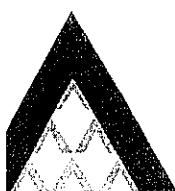
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**Alsons Consolidated Resources, Inc.**  
**ACR**

**PSE Disclosure Form 17-18 - Other SEC Forms/Reports/Requirements**

<b>Form/Report Type</b>	Certificate of Attendance of ACR Directors and Officers to the Corporate Governance Seminar
<b>Report Period/Report Date</b>	Nov 26, 2018
<b>Description of the Disclosure</b>	
In compliance with SEC Memorandum Circular No. 20, Series of 2013, we submit the attached Certificate of Attendance of ACR Directors and Officers who attended the latest Corporate Governance Seminar.	
<b>Filed on behalf by:</b>	
<b>Name</b>	Jose Saldivar, Jr.
<b>Designation</b>	Finance Manager



## Alsons Consolidated Resources, Inc.

(Listed in the Philippine Stock Exchange Trading Symbol "ACR")

2nd Floor, Alsons Building  
2286 Chino Roces Ext., (formerly P. Tamo Ext.) Makati City  
1231 Metro Manila Philippines  
Tel. Nos.: (632) 982-3000 Fax Nos.: (632) 982-3077  
Website: [www.acr.com.ph](http://www.acr.com.ph)

26 November 2018

### Securities & Exchange Commission

Attn.: Director Rachel Esther J. Gumtang-Remalante  
Officer-in-Charge  
Corporate Governance and Finance Department.  
Secretariat Building, PICC Complex  
Roxas Boulevard, Pasay City, 1307

### Philippine Stock Exchange , Inc.

Attn.: Ms. Janet A. Encarnacion  
Head – Disclosure Department  
Listings and Disclosure Group  
9<sup>th</sup> Floor, PSE Tower, BGS, Taguig City

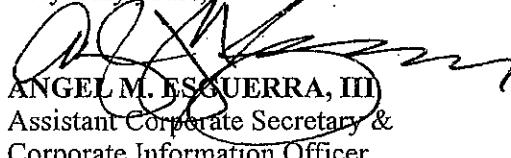
Re : Certificate of Attendance in Corporate Governance Seminar

Gentlemen:

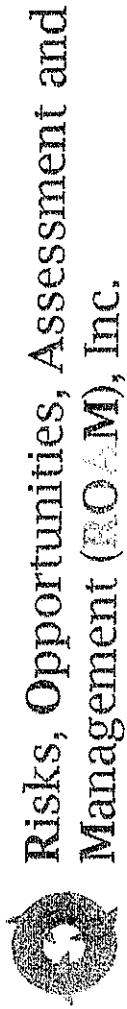
In compliance with the requirements of SEC Memorandum Circular No. 20 Series of 2013 directing all key officers and members of the board of publicly-listed companies (PLCs) to attend at least once a year, a program on corporate governance conducted by training providers that are duly accredited by the Commission, we are pleased to submit herewith the copies of the Certificate of Attendance of **ALSONS CONSOLIDATED RESOURCES, INC.** Directors and Officers who attended the latest Corporate Governance Seminar:

1. Tomas I. Alcantara	- Chairman & President
2. Editha I. Alcantara	- Director, Treasurer
3. Tirso G. Santillan, Jr.	- Director, Executive Vice-President
4. Conrado C. Alcantara	- Director
5. Jose Ben R. Laraya	- Independent Director
6. Thomas G. Aquino	- Independent Director
7. Alejandro I. Alcantara	- Director
8. Arturo B. Diago, Jr.	- Director
9. Angel M. Esguerra, III	- Assistant Corporate Secretary
10. Robert F. Yenko	- Chief Financial Officer
11. Esperidion D. Develos, Jr.	- Chief Audit Executive
12. Sylvia M. Duque	- HR Officer, Nomination Committee Member
13. Jose D. Saldivar, Jr.	- Assistant Comptroller
14. Philip Edward B. Sagun	- AVP for Corporate Finance and Treasury
15. Alexis B. Dela Cuesta	- Audit Manager

Very truly yours,



ANGEL M. ESGUERRA, III  
Assistant Corporate Secretary &  
Corporate Information Officer



awards this

## CERTIFICATE OF COMPLETION

to

**Thomas I. Alcantara**

for having completed the seminar on

## CORPORATE GOVERNANCE

held on 22 November 2018 at  
Alphaland Southgate Tower, Chino Roces Ave., Makati City

  
**Benjamin I. Espiritu, Ph.D.**  
President



Risks, Opportunities, Assessment and  
Management (ROAM), Inc.

awards this

## CERTIFICATE OF COMPLETION

to

***Editha I. Alcantara***

for having completed the seminar on

## CORPORATE GOVERNANCE

held on 22 November 2018 at  
Alphaland Southgate Tower, Chino Roces Ave., Makati City

  
**Benjamin I. Espiritu, Ph.D.**  
President



Risks, Opportunities, Assessment and  
Management (ROAM), Inc.

awards this

## CERTIFICATE OF COMPLETION

to

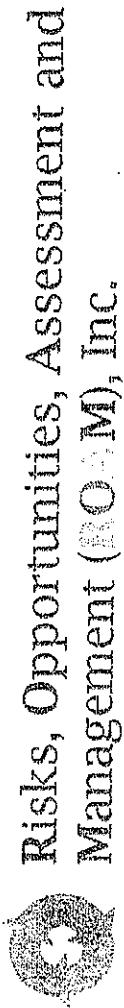
**Tiyo G. Santillan, Jr.**

for having completed the seminar on

## CORPORATE GOVERNANCE

held on 22 November 2018 at  
Alphaland Southgate Tower, Chino Roces Ave., Makati City

  
\_\_\_\_\_  
**Benjamin I. Espiritu, Ph.D.**  
President



Risks, Opportunities, Assessment and  
Management (ROAM) Inc.

awards this

## CERTIFICATE OF COMPLETION

to

**Conrado C. Alcantara**

for having completed the seminar on

## CORPORATE GOVERNANCE

held on 22 November 2018 at  
Alphaland Southgate Tower, Chino Roces Ave., Makati City

  
**Benjamin I. Espiritu, Ph.D.**  
President



Risks, Opportunities, Assessment and  
Management (ROAM), Inc.

awards this

## CERTIFICATE OF COMPLETION

to

**Jose Ben R. Laraya**

for having completed the seminar on

## CORPORATE GOVERNANCE

held on 22 November 2018 at  
Alphaland Southgate Tower, Chino Roces Ave., Makati City

  
\_\_\_\_\_  
**Benjamin I. Espiritu, Ph.D.**  
President



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## CERTIFICATE OF COMPLETION

to

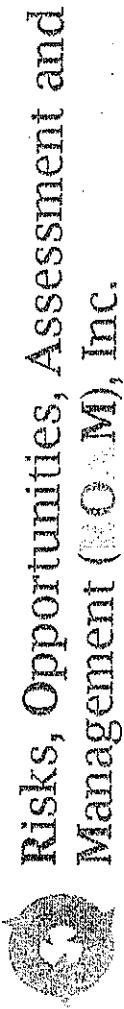
**Thomas G. Aquino**

for having completed the seminar on

## CORPORATE GOVERNANCE

held on 22 November 2018 at  
Alphaland Southgate Tower, Chino Roces Ave., Makati City

  
\_\_\_\_\_  
**Benjamin I. Espiritu, Ph.D.**  
President



awards this

## CERTIFICATE OF COMPLETION

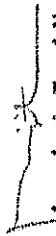
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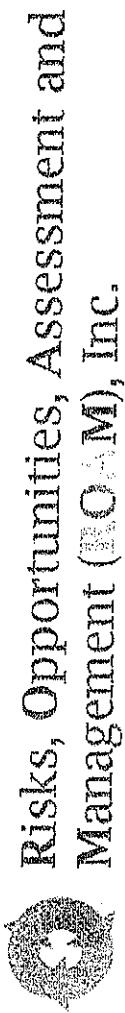
**Alejandro Y. Alcantara**

for having completed the seminar on

## CORPORATE GOVERNANCE

held on 22 November 2018 at  
Alphaland Southgate Tower, Chino Roces Ave., Makati City

  
\_\_\_\_\_  
**Benjamin I. Espiritu, Ph.D.**  
President



Risks, Opportunities, Assessment and  
Management (ROAM), Inc.

awards this

## CERTIFICATE OF COMPLETION

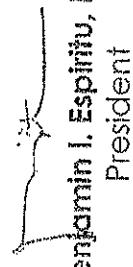
to

*Arturo B. Diago, Jr.*

for having completed the seminar on

## CORPORATE GOVERNANCE

held on 22 November 2018 at  
Alphaland Southgate Tower, Chino Roces Ave., Makati City

  
\_\_\_\_\_  
Benjamin I. Espiritu, Ph.D.  
President



Risks, Opportunities, Assessment and  
Management (ROAM) Inc.

awards this

## CERTIFICATE OF COMPLETION

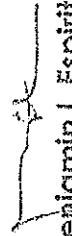
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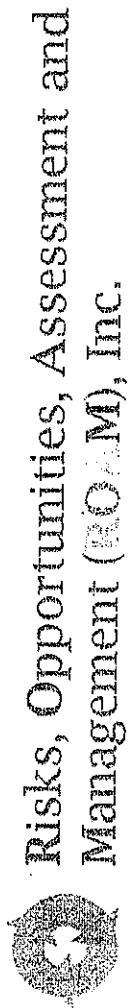
**Angel M. Eggemra, III**

for having completed the seminar on

## CORPORATE GOVERNANCE

held on 22 November 2018 at  
Alphaland Southgate Tower, Chino Roces Ave., Makati City

  
\_\_\_\_\_  
Benjamin I. Espiritu, Ph.D.  
President



Risks, Opportunities, Assessment and  
Management (ROAM) Inc.

awards this

## CERTIFICATE OF COMPLETION

to

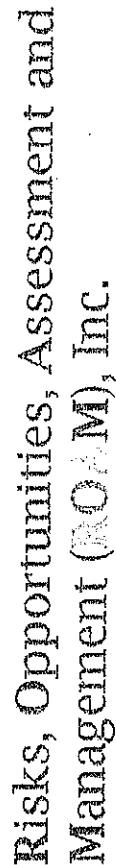
**Robert F. Yenko**

for having completed the seminar on

## CORPORATE GOVERNANCE

held on 22 November 2018 at  
Alphaland Southgate Tower, Chino Roces Ave., Makati City

  
\_\_\_\_\_  
Benjamin I. Espiritu, Ph.D.  
President



awards this

## CERTIFICATE OF COMPLETION

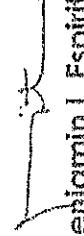
to

**Esperidion D. Develos**

for having completed the seminar on

## CORPORATE GOVERNANCE

held on 22 November 2018 at  
Alphaland Southgate Tower, Chino Roces Ave., Makati City

  
**Benjamin I. Espiritu, Ph.D.**  
President

Risks, Opportunities, Assessment and  
Management (ROAM), Inc.



awards this

**CERTIFICATE OF COMPLETION**

to

*Sylvia M. Dugue*

for having completed the seminar on

**CORPORATE GOVERNANCE**

held on 22 November 2018 at  
Alphaland Southgate Tower, Chino Roces Ave., Makati City

  
\_\_\_\_\_  
Benjamin I. Espiritu, Ph.D.  
President



Risks, Opportunities, Assessment and  
Management (ROAM) Inc.

awards this

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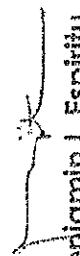
to

*Jose D. Saldivar, Jr.*

for having completed the seminar on

## CORPORATE GOVERNANCE

held on 22 November 2018 at  
Alphaland Southgate Tower, Chino Roces Ave., Makati City

  
\_\_\_\_\_  
Benjamin I. Espiritu, Ph.D.  
President



Risks, Opportunities, Assessment and  
Management (ROAM), Inc.

awards this

## CERTIFICATE OF COMPLETION

to

**Philip Edward B. Sagun**

for having completed the seminar on

## CORPORATE GOVERNANCE

held on 22 November 2018 at  
Alphaland Southgate Tower, Chino Roces Ave., Makati City.

  
\_\_\_\_\_  
Benjamin I. Espiritu, Ph.D.  
President



Risks, Opportunities, Assessment and  
Management (ROAM), Inc.

awards this

## CERTIFICATE OF COMPLETION

to

**Alexis B. Dela Cuesta**

for having completed the seminar on

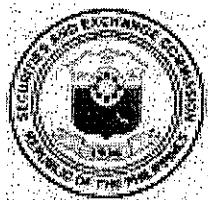
## CORPORATE GOVERNANCE

held on 22 November 2018 at  
Alphaland Southgate Tower, Chino Roces Ave., Makati City

  
**Benjamin I. Espiritu, Ph.D.**  
President



110292018001612



## SECURITIES AND EXCHANGE COMMISSION

SECBuilding, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
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Company Information

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SEC Registration No. 0000059366

Company Name ALSONS CONSOLIDATED RESOURCES INC.

Industry Classification

Company Type Stock Corporation

Document Information

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Document ID 110292018001612

Document Type 17-C (FORM 11-C:CURRENT DISCL/RPT)

Document Code 17-C

Period Covered October 26, 2018

No. of Days Late 0

Department CFD

Remarks

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER**

1. Date of Report (Date of earliest event reported)

Oct 26, 2018

2. SEC Identification Number

59366

3. BIR Tax Identification No.

001-748-412

4. Exact name of issuer as specified in its charter

ALSONS CONSOLIDATED RESOURCES, INC.

5. Province, country or other jurisdiction of incorporation

PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

ALSONS BLDG., 2286 CHINO ROCES AVENUE, MAKATI CITY, PHILIPPINES

Postal Code

1231

8. Issuer's telephone number, including area code

(632) 982-3000

9. Former name or former address, if changed since last report

N/A

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

**Title of Each Class**

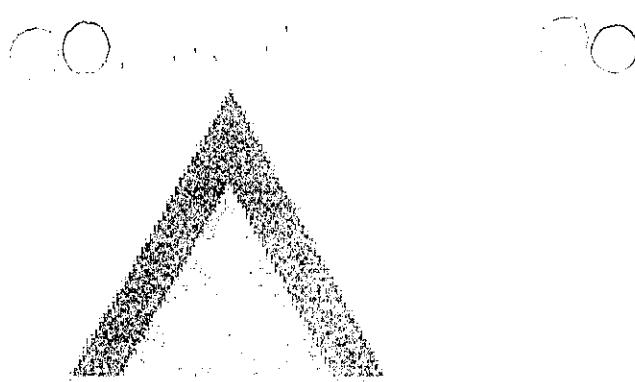
**Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding**

COMMON STOCK P1.00/PAR  
VALUE

6,291,500,000

11. Indicate the item numbers reported herein

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



# **Alsons Consolidated Resources, Inc.**

## **ACR**

### **PSE Disclosure Form 4-31 - Press Release**

*References: SRC Rule 17 (SEC Form 17-C)*

*Section 4.4 of the Revised Disclosure Rules*

**Subject of the Disclosure**

"Alsons lists P2.5B CPs at PDEX"

**Background/Description of the Disclosure**

please see attached

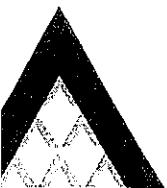
**Other Relevant Information****Filed on behalf by:**

**Name**

Jose Saldivar, Jr.

**Designation**

Finance Manager



**Alsons Consolidated Resources, Inc.**

(Listed in the Philippine Stock Exchange Trading Symbol "ACR")

2nd Floor, Alsons Building  
2286 Chino Roces Ext., (formerly P. Tamo Ext.) Makati City  
1231 Metro Manila Philippines  
Tel. Nos.: (632) 982-3000 Fax Nos.: (632) 982-3077  
Website: [www.acr.com.ph](http://www.acr.com.ph)

---

October 26, 2018

**Philippine Stock Exchange**

Attn.: Ms. Janet A. Encarnacion  
Head - Disclosure Department  
Listings and Disclosure Group  
9<sup>th</sup> Floor, PSE Tower, BGS, Taguig City

**Securities & Exchange Commission**

Attn.: Director Rachel Esther J. Gumtang-Remalante  
Officer-in-Charge  
Corporate Governance and Finance Department  
Secretariat Building, PICC Complex  
Roxas Boulevard, Pasay City

Gentlemen:

We are furnishing the Exchange with a copy of the Press Statement by the Company entitled:  
"Alsons lists P2.5B CPs at PDEx".

We trust that you will find the foregoing in order.

Very truly yours,



**ANGEL M. ESGUERRA, III**  
Assistant Corporate Secretary and  
Corporate Information Officer



s Consolidated Resources, Inc.

Refer to: Tirso G. Santillan, Jr. Executive Vice President, Alsons Consolidated Resources, Inc. CEO, Alsons Power  
[tgsantillan@alsonspower.com](mailto:tgsantillan@alsonspower.com) (02) 823 7225

Robert F. Yenko, Chief Financial Officer, Alsons Consolidated Resources, Inc.  
[ryenko@alcantara-group.com](mailto:ryenko@alcantara-group.com) (02) 982 3026

## Alsons lists ₱ 2.5B CPs at PDEX

Alsons Consolidated Resources, Inc. (ACR) today listed an initial ₱100 million of the company's ₱2.5 billion Commercial Papers with the Philippine Dealing and Exchange Corporation (PDEX) to provide interim funding that will help the company's foray into the renewable energy (RE) sphere.

Proceeds from the CP issuance will be used to partially fund the development of the company's ₱4.25 billion run-of-river hydroelectric power project at the Siguil River basin in Maasim, Sarangani Province, - ACR's initial entry in RE. The planned 15.1-megawatt (MW) Siguil plant is expected to begin commercial operations in 2021 and will provide power to Sarangani Province, General Santos City and key municipalities of South Cotabato

The publicly listed company of the Alcantara Group also plans to pursue additional run-of-river hydroelectric power projects in Negros Occidental, Sarangani, Davao Oriental, Zamboanga del Norte, the two Agusan Provinces, and Surigao del Sur. Together with the Siguil plant, these projects have a total hydro capacity potential totaling more than 145 megawatts.

At a ceremony marking the listing at the PDEX office, ACR Executive Vice President and Alsons Power CEO Tirso G. Santillan, Jr. said, the ceremonial listing "is a high point in our efforts to tap the short-term capital market for our working capital needs."

"We're looking to add up to 145 megawatts of renewable energy from the eight run-of-river hydro power facilities that we will be developing in various locations in Mindanao and Negros Occidental. This facility will give us the ability to bridge the financial requirements of our projects under development," he added.

Earlier this year, the issuance received a PRS A plus (corp.) issuer credit rating from the Philippine Rating Services Corporation (PhilRatings). This rating means the company has an above average capacity to meet its financial commitments relative to other Philippine corporates. Among the factors cited by PhilRatings as basis for the rating were "the positive growth prospects for Mindanao which will bring about an increasing demand for power," and ACR's "ability to establish joint ventures with strong partners for particular projects.

Multinational Investment Bancorporation (MIB) was the sole underwriter and arranger for the issuance while the law firm of Martinez Vergara Gonzalez and Serrano (MVGS) served as the transactional legal counsel.

Aside from the hydro projects, the company is also in the final stages of constructing Section 2 of the 210-megawatt (MW) Sarangani Energy Corp. (SEC) baseload coal-fired power plant in Maasim, Sarangani. The plant is expected to begin commercial operations within the first quarter of 2019. Next year, ACR will also begin constructing the 105 MW San Ramon Power, Inc. (SRPI) baseload coal-fired power plant in Zamboanga City which is targeting to start commercial operations in 2022.



is Consolidated Resources, Inc.

ACR is a subsidiary of the Aboitiz Group of Companies.

ACR currently operates four power facilities in Mindanao generating a combined capacity of 363 MW and serving over eight million people in 13 cities and eight provinces including key urban centers such as Davao City, Cagayan de Oro, General Santos, Iligan, and Zamboanga City.

###



109272018000906



## SECURITIES AND EXCHANGE COMMISSION

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### Company Information

SEC Registration No. 0000059366

Company Name ALSONS CONSOLIDATED RESOURCES INC.

Industry Classification

Company Type Stock Corporation

### Document Information

Document ID	109272018000906
Document Type	17-C (FORM 11-C:CURRENT DISCL/RPT)
Document Code	17-C
Period Covered	September 24, 2018
No. of Days Late	0
Department	CFD
Remarks	

C06333-2018

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER**

1. Date of Report (Date of earliest event reported)

Sep 24, 2018

2. SEC Identification Number

59366

3. BIR Tax Identification No.

001-748-412

4. Exact name of issuer as specified in its charter

ALSONS CONSOLIDATED RESOURCES, INC.

5. Province, country or other jurisdiction of incorporation

PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

ALSONS BLDG., 2286 CHINO ROCES AVENUE, MAKATI CITY

Postal Code

1231

8. Issuer's telephone number, including area code

(632) 982-3000

9. Former name or former address, if changed since last report

N.A.

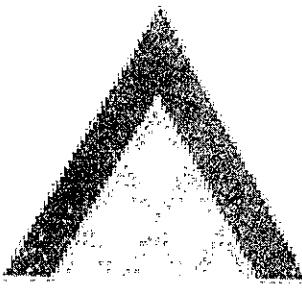
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK P1.00 PAR VALUE	6,291,500,000

11. Indicate the item numbers reported herein

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate*

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## **Alsons Consolidated Resources, Inc. ACR**

### **PSE Disclosure Form 4-13 - Clarification of News Reports**

**References: SRC Rule 17 (SEC Form 17-C) and  
Section 4.4 of the Revised Disclosure Rules**

#### **Subject of the Disclosure**

Clarification to News Article entitled: "Alsons gets go signal to issue P2.5B CPs"

<b>Source</b>	philstar.com
<b>Subject of News Report</b>	"Alsons gets go signal to issue P2.5B CPs"
<b>Date of Publication</b>	Sep 24, 2018

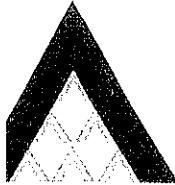
#### **Clarification of News Report**

Please see attached letter reply to PSE.

#### **Other Relevant Information**

#### **Filed on behalf by:**

<b>Name</b>	Jose Saldivar, Jr.
<b>Designation</b>	Finance Manager



**Alsons Consolidated Resources, Inc.**  
(Listed in the Philippine Stock Exchange Trading Symbol "ACR")  
2nd Floor, Alsons Building  
2286 Chino Roces Ext., (formerly P. Tamo Ext.) Makati City  
1231 Metro Manila Philippines  
Tel. Nos.: (632) 982-3000 Fax Nos.: (632) 982-3077  
Website: [www.acr.com.ph](http://www.acr.com.ph)

September 24, 2018

**Philippine Stock Exchange, Inc.**  
Listing and Disclosure Department  
PSE Plaza, Ayala Triangle  
Ayala Avenue, Makati City, Philippines

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

Dear Madam:

We reply to your email dated September 24, 2018 with regard to the attached news article entitled "Alsons gets go signal to issue P2.5B CPs" posted in the philstar.com online on September 24, 2018. The article reported in part that:

"MANILA, Philippines — The Securities and Exchange Commission (SEC), the corporate regulator, has given its green light to Alsons Consolidated Resources Inc. to raise P2.5 billion through the issuance of commercial papers.

The SEC approved the plan in its en banc meeting on Friday.

Alsons, the listed holding company of the Alcantara Group, is looking to raise the amount from the issuance of commercial papers in the next three years.

...."

We confirm the information written in the above quotations from the said article, except for the following:

1. The said article states: "According to its filing, the first tranche would be used for the construction of its Siguil hydropower plant"

This should have been:

*"The first tranche would be used for the development of its Siguil hydropower plant and various hydro power project developments".*

2. The said article also states the discounts "ranging from 4.9416 percent to 5.9416 percent for Series A, 5.1763 percent to 6.1763 percent for Series B, and 5.7161 percent to 6.7161 percent for Series C."

This should have been:

*"ranging up to 6.4105% for Series A, up to 6.4105% for Series B, and up to 6.8833% for Series C."*

3. The said article also states: "Alsons expects net proceeds of P1.395 billion from the first tranche which would be used to settle its short-term obligations worth P291.25 million"

This should have been:

*"Alsons expects to use the net proceeds of P1.395 billion P1.390 billion from the first tranche to settle its short-term obligations worth P291.25 P116.73 million".*

4. The said article also states: "The balance, worth P1.10 billion would then be used for its P3.9-billion run-of-river hydroelectric power plant that the company plans to build along Siguil River in Sarangani province, Alsons said in its registration statement"

This should have been:

*"The balance, worth P1.10 P1.27 billion would then be used for its P3.9-P4.25 billion run-of-river hydroelectric power plant that the company plans to build along Siguil River in Sarangani province, Alsons said in its registration statement".*

5. The said article also states: "Alsons operates several power companies mostly in Mindanao. These include the Southern Philippines Power Corp. in Alabel, Sarangani Province; the Western Mindanao Power Corp. and San Ramon Power Inc. in Zamboanga City; the Sarangani Energy Corp. in Maasim, Sarangani Province; and the Mapalad Power Corp. in Iligan City"

*Please take note that San Ramon Power is not yet operational.*

We trust this clarifies the information contained in said article.

Very truly yours,



ANGEL M. ESGUERRA, III  
Assistant Corporate Secretary and  
Alternate Compliance Officer

## Alsons gets go signal to issue P2.5 B CPs

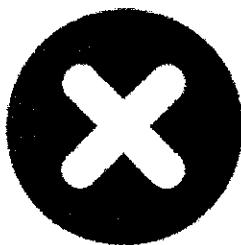
Alsons gets go signal to issue P2.5 B CPs

Iris Gonzales (The Philippine Star) - September 24, 2018 - 12:00am

MANILA, Philippines — The Securities and Exchange Commission (SEC), the corporate regulator, has given its green light to Alsons Consolidated Resources Inc. to raise P2.5 billion through the issuance of commercial papers.

The SEC approved the plan in its en banc meeting on Friday.

Alsons, the listed holding company of the Alcantara Group, is looking to raise the amount from the issuance of commercial papers in the next three years.



According to its filing, the first tranche would be used for the construction of its Siguil hydropower plant.

The first tranche of the issuance would consist of P1.5 billion worth of commercial papers with a tenor of 90 days for Series A, 180 days for Series B, and 360 days for Series C.

Its filing showed that the commercial papers will be priced at a discount or at face value, with the discounts ranging from 4.9416 percent to 5.9416 percent for Series A, 5.1763 percent to 6.1763 percent for Series B, and 5.7161 percent to 6.7161 percent for Series C.

Alsons, which filed its application for registration of the commercial papers with the SEC last Aug. 3, tapped Multinational Investment Bancorporation as sole issue manager, lead arranger and underwriter.

The company will list the commercial papers at the Philippine Dealing & Exchange Corp., the country's trading platform for fixed-income.

Alsons expects net proceeds of P1.395 billion from the first tranche which would be used to settle its short-term obligations worth P291.25 million.

The company's short-term obligations are set to mature in the current quarter.

The balance, worth P1.10 billion would then be used for its P3.9-billion run-of-river hydroelectric power plant that the company plans to build along Siguil River in Sarangani province, Alsons said in its registration statement.

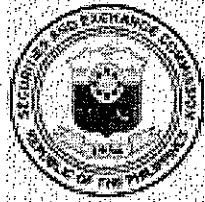
Philippine Rating Services Corp., the local debt watcher, assigned a PRS A plus rating on the issuance as well as a stable outlook, indicating that it is unlikely to change in the next 12 months.

It said Alsons has an above average capacity to meet its financial commitment compared to other local firms; yet it is also more susceptible to adverse changes in circumstances and economic conditions than higher-rated companies.

Alsons operates several power companies mostly in Mindanao. These include the Southern Philippines Power Corp. in Alabel, Sarangani Province; the Western Mindanao Power Corp. and San Ramon Power Inc. in Zamboanga City; the Sarangani Energy Corp. in Maasim, Sarangani Province; and the Mapalad Power Corp. in Iligan City.



109072018000750



## SECURITIES AND EXCHANGE COMMISSION

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### Company Information

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SEC Registration No. 0000059366

Company Name ALSONS CONSOLIDATED RESOURCES INC.

Industry Classification

Company Type Stock Corporation

### Document Information

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Document ID 109072018000750

Document Type 17-C (FORM 11-C:CURRENT DISCL/RPT)

Document Code 17-C

Period Covered September 05, 2018

No. of Days Late 0

Department CFD

Remarks

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER**

1. Date of Report (Date of earliest event reported)

Sep 5, 2018

2. SEC Identification Number

59366

3. BIR Tax Identification No.

001-748-412

4. Exact name of issuer as specified in its charter

ALSONS CONSOLIDATED RESOURCES, INC.

5. Province, country or other jurisdiction of incorporation

PHILIPPINES

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7. Address of principal office

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Postal Code

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N/A

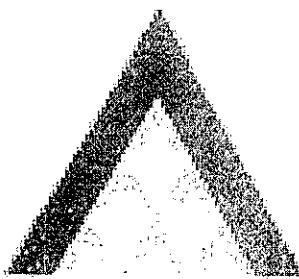
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK P1.00/PAR VALUE	6,291,500,000

11. Indicate the item numbers reported herein

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and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.



## **Alsons Consolidated Resources, Inc.**

### **ACR**

**PSE Disclosure Form 4-31 - Press Release**  
**References: SRC Rule 17 (SEC Form 17-C)**  
**Section 4.4 of the Revised Disclosure Rules**

**Subject of the Disclosure**

"Alsons mulling P1.5B CPs to partially fund hydro power projects"

**Background/Description of the Disclosure**

please see attached

**Other Relevant Information**

**Filed on behalf by:**

<b>Name</b>	Jose Saldivar, Jr.
<b>Designation</b>	Finance Manager

**Alsons Consolidated Resources, Inc.**  
(Listed in the Philippine Stock Exchange Trading Symbol "ACR")  
2nd Floor, Alsons Building  
2286 Chino Roces Ext., (formerly P. Tamo Ext.,) Makati City  
1231 Metro Manila Philippines  
Tel. Nos.: (632) 982-3000 Fax Nos.: (632) 982-3077  
Website: [www.acr.com.ph](http://www.acr.com.ph)

September 5, 2018

**Philippine Stock Exchange**

Attn.: Ms. Janet A. Encarnacion  
Head – Disclosure Department  
Listings and Disclosure Group  
9<sup>th</sup> Floor, PSE Tower, BGC, Taguig City

**Securities & Exchange Commission**

Attn.: Director Rachel Esther J. Gumtang-Remalante  
Officer-In-Charge  
Corporate Governance and Finance Department  
Secretariat Bldg., PICC Complex,  
Roxas Blvd., Pasay City

Gentlemen:

We are furnishing the Exchange with a copy of the Press Statement by the Company entitled: "Alsons mulling ₱1.5B CPs to partially fund various hydro power project developments".

We trust that you will find the foregoing in order.

Very truly yours,

  
**ANGEL M. ESGUERRA, III**  
Corporate Information Officer &  
Assistant Corporate Secretary

Encl/  
legal/PSE-SEC17-c2018

Refer to: Robert F. Yenko, Chief Financial Officer, Alsons Consolidated Resources, Inc.  
[ryenko@alcantaragroup.com](mailto:ryenko@alcantaragroup.com) (02) 982 3026

Philip E.B. Sagun, AVP Treasury and Corporate Finance, Alsons Consolidated Resources, Inc.  
[psagun@alcantaragroup.com](mailto:psagun@alcantaragroup.com) (02) 982 3027

### **Alsons mulling ₱ 1.5B CPs to partially fund hydro power projects**

Alsons Consolidated Resources, Inc. (ACR) intends to use proceeds for the company's proposed Commercial Papers (CPs) amounting to ₱1.5 billion to partially fund the development of the company's ₱4.25 billion run-of-river hydroelectric power project at the Siguil River basin in Maasim, Sarangani Province, and other hydro power projects according to a company disclosure to the Securities and Exchange Commission (SEC).

The publicly listed company of the Alcantara Group said the planned 15.1-megawatt (MW) Siguil Hydro power plant is expected to begin commercial operations in 2021 and will provide power to Sarangani Province, General Santos City and key municipalities of South Cotabato. The hydro project marks ACR's entry into the renewable energy sphere.

ACR, Mindanao's first and most experienced independent power producer, also plans to pursue additional run-of-river hydroelectric power projects in Negros Occidental, Sarangani, Davao Oriental, Zamboanga del Norte, the two Agusan Provinces, and Surigao del Sur. These projects have a total hydro capacity potential totaling more than 145 megawatts.

Earlier this year, the proposed issuance received a PRS A plus (corp.) issuer credit rating from the Philippine Rating Services Corporation (PhilRatings). Such rating means the company has an above average capacity to meet its financial commitments relative to other Philippine corporates.

Among the factors cited by PhilRatings as basis for the rating were "the positive growth prospects for Mindanao which will bring about an increasing demand for power," and ACR's "ability to establish joint ventures with strong partners for particular projects."

Aside from the hydro projects, the company is also in the final stages of constructing Section 2 of the 210-megawatt (MW) Sarangani Energy Corporation (SEC) baseload coal-fired power plant in Maasim, Sarangani. SEC Section 2 is expected to begin commercial operations within the first quarter of 2019.

Next year, ACR will also begin constructing the 105 MW San Ramon Power, Inc. (SRPI) baseload coal-fired power plant in Zamboanga City which is targeting to start commercial operations in 2022.

ACR currently operates four power facilities in Mindanao generating a combined capacity of 363 MW serving over eight million people in 13 cities and eight provinces including key urban centers such as Davao City, Cagayan de Oro, General Santos, Iligan, and Zamboanga City.

###



108282018001663



## SECURITIES AND EXCHANGE COMMISSION

SECBuilding, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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**Receiving Officer/Encoder** : Buen Jose Mose - COS

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**Receipt Date and Time** : August 28, 2018 02:18:38 PM

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Company Representative

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Company Information

SEC Registration No. 0000059366

Company Name ALSONS CONSOLIDATED RESOURCES INC.

Industry Classification

Company Type Stock Corporation

Document Information

Document ID 108282018001663

Document Type 17-C (FORM 11-C:CURRENT DISCL/RPT)

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Period Covered August 24, 2018

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Department CFD

Remarks

C05761-2018

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER**

1. Date of Report (Date of earliest event reported)

Aug 24, 2018

2. SEC Identification Number

59366

3. BIR Tax Identification No.

001-748-412

4. Exact name of issuer as specified in its charter

ALSONS CONSOLIDATED RESOURCES, INC.

5. Province, country or other jurisdiction of incorporation

PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

ALSONS BLDG., 2286 CHINO ROCES AVENUE, MAKATI CITY, PHILIPPINES

Postal Code

1231

8. Issuer's telephone number, including area code

(632) 982-3000

9. Former name or former address, if changed since last report

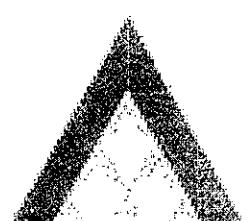
N/A

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK P1.00/PAR VALUE	6,291,500,000

11. Indicate the item numbers reported herein

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



Alsons Consolidated Resources, Inc.  
ACR

**PSE Disclosure Form 4-31 - Press Release**  
**References: SRC Rule 17 (SEC Form 17-C)**  
**Section 4.4 of the Revised Disclosure Rules**

**Subject of the Disclosure**

"Alsons power projects on track, Company's first half revenues hit P3.48B"

**Background/Description of the Disclosure**

please see attached.

**Other Relevant Information**

**Filed on behalf by:**

**Name**

Jose Saldivar, Jr.

**Designation**

Finance Manager

**Alsons Consolidated Resources, Inc.**  
(Listed in the Philippine Stock Exchange Trading Symbol "ACR")  
2nd Floor, Alsons Building  
2286 Chino Roces Ext., (formerly P. Tamo Ext.,) Makati City  
1231 Metro Manila Philippines  
Tel. Nos.: (632) 982-3000 Fax Nos.: (632) 982-3077  
Website: [www.acr.com.ph](http://www.acr.com.ph)

August 24, 2018

**Philippine Stock Exchange**

Attn.: Ms. Janet A. Encarnacion  
Head – Disclosure Department  
Listings and Disclosure Group  
9<sup>th</sup> Floor, PSE Tower, BGC, Taguig City

**Securities & Exchange Commission**

Attn.: Director Rachel Esther J. Gumtang-Remalante  
Officer-In-Charge  
Corporate Governance and Finance Department  
Secretariat Bldg., PICC Complex,  
Roxas Blvd., Pasay City

Gentlemen:

We are furnishing the Exchange with a copy of the Press Statement by the Company entitled:  
"Alsons power projects on track, *Company's first half revenues hit P3.48B*"

We trust that you will find the foregoing in order.

Very truly yours,

  
**ANGEL M. ESGUERRA, III**  
Corporate Information Officer &  
Assistant Corporate Secretary

Encl/  
legal PSE-SEC17-c2018



## **PRESS RELEASE**

Please Refer to: Robert F. Yenko, Chief Financial Officer, Alsons Consolidated Resources, Inc.  
[ryenko@alcantaragroup.com](mailto:ryenko@alcantaragroup.com) (02) 982 3026

### **Alsons power projects on track Company's first half revenues hit P3.48B**

Alsons Consolidated Resources, Inc. (ACR), the publicly-listed company of the Alcantara Group, reported today that its key projects are all on track for completion starting early next year until 2022 even as revenues in the first half of 2018 fell slightly year-on-year.

These key projects include the second 105-megawatt (MW) section of the 210 MW Sarangani Energy Corporation (SEC) baseload coal-fired power plant in Maasim, Sarangani Province, the 15.1 MW run-of-river hydroelectric power plant at the Siguil River basin also in Maasim, Sarangani Province, and the 105 MW San Ramon Power, Inc. (SRPI) baseload coal-fired power plant in Zamboanga City.

ACR, which is Mindanao's first and most experienced power producer, disclosed that construction of SEC Section 2 is more than 80% complete and will be commencing commercial operations within the first quarter of 2019. The first 105-MW section of the SEC plant began operating in April 2016 and currently delivers power to more than three million people in the General Santos-Sarangani area and other parts of Mindanao.

SEC 2 is expected to begin commissioning within the last quarter of this year and is set to contribute another 105 MW of baseload power to benefit an additional three million residents of South Cotabato, Davao del Sur, Zamboanga del Norte, Zamboanga del Sur, Cagayan de Oro City, and other key areas of the island.

The P 3.7 billion Siguil Hydro power plant marks ACR's entry into the renewable energy sphere. It is expected to begin commercial operations in the first half of 2020 and will provide power to Sarangani Province, General Santos City and key municipalities of South Cotabato.

The 105 MW SRPI baseload plant, which will provide baseload power to Zamboanga City and other nearby areas, is expected to begin construction in the first half of 2019 and is targeted to commence commercial operations in 2022. The SRPI plant once operational, will play a crucial role in stabilizing the power grid in the Zamboanga Peninsula.

ACR Chief Finance Officer Robert F. Yenko reiterated the company's statement earlier this year that ACR's three key projects will deliver 225.1 additional megawatts to customers and help fuel the growth of Mindanao's economy.

In its filing with the Philippine Stock Exchange (PSE), ACR disclosed that revenues for the first half of 2018 reached P 3.48 billion from P 3.58 billion in the same period last year. Revenues for the period were mainly driven by the operations of SEC Section 1.



Yenko explained that due to higher costs and finance charges this year, net income after tax for the first half of 2018 was at ₱ 120.3 million compared to 2017's ₱ 190.5 million. Furthermore, general and administrative expenses increased by 9% from ₱ 172 million to ₱ 189 million in the first six months of 2018.

On the other hand, ACR's consolidated earnings before interest taxes depreciation and amortization (EBITDA) increased by 11% from ₱1.03B in 2017 to ₱1.15B in 2018. "The substantial increase in consolidated EBITDA this year highlights our group's solid operational efficiency," Yenko stated.

The ACR CFO remains optimistic about future growth prospects, noting that in addition to ACR's three major projects coming on-line starting next year, the company is actively pursuing new projects in the Visayas. "Demand for power in the Visayas is likely to grow particularly in light of the economic recovery in Leyte and Samar. We are seriously looking at the Visayas region as a potential market particularly for our diesel capacity," he noted.

Yenko revealed that SEC Section 2 and SRPI have more than 80% of their capacity contracted, power sales agreements (PSAs) having been secured with key customers early on. "Securing those PSAs long before many of the new baseload plants even began construction was a key component of our strategy and has helped us in coping with the current power surplus in Mindanao which has become the new normal in the island," he said.

ACR also plans to pursue additional run-of-river hydroelectric power projects in Negros Occidental, Sarangani, Davao Oriental, Zamboanga del Norte, the two Agusan Provinces, and Surigao del Sur. These projects have a total hydro capacity potential totaling more than 200 megawatts.

Apart from power generation, ACR is also engaged in property development. The company is developing Azuela Cove in partnership with Ayala Land, Inc. (ALI). A 27-hectare project aimed at delivering the best in luxury living in Davao City, Azuela Cove is ALI's newest master-planned, mixed-use, sustainable seaside estate in the region.

The Azuela project's centerpiece is *The Residences at Azuela Cove*- a series of luxury seaside condominium towers and the first Ayala Land Premier residential development in Davao City and Mindanao. The 21-storey North Tower, the first tower of *The Residences*, has all its 70 units already sold out. Turnover is expected in the first quarter of 2023.

###



108072018000736



## SECURITIES AND EXCHANGE COMMISSION

SECBuilding, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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The following document has been received:

Receiving Officer/Encoder : Mark Anthony R. Osena

Receiving Branch : SEC-Head Office

Receipt Date and Time : August 07, 2018 10:19:23 AM

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Company Representative

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Company Information

SEC Registration No. 0000059366

Company Name ALSONS CONSOLIDATED RESOURCES INC.

Industry Classification

Company Type Stock Corporation

Document Information

Document ID 108072018000736

Document Type 17-C (FORM 11-C:CURRENT DISCL/RPT)

Document Code 17-C

Period Covered August 06, 2018

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Department CFD

Remarks

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-C**

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Postal Code

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8. Issuer's telephone number, including area code

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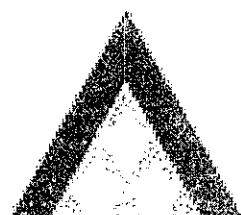
N.A.

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**Alsons Consolidated Resources, Inc.**  
**ACR**

**PSE Disclosure Form 4-13 - Clarification of News Reports**

**References: SRC Rule 17 (SEC Form 17-C) and  
Section 4.4 of the Revised Disclosure Rules**

**Subject of the Disclosure**

CLARIFICATION TO NEWS ARTICLE ENTITLED "ALSONS RAISE P2.5 BILLION FROM COMMERCIAL PAPER ISSUANCE"

**Source** BUSINESS WORLD ONLINE

**Subject of News Report** "ALSONS RAISE P2.5 BILLION FROM COMMERCIAL PAPER ISSUANCE"

**Date of Publication** Aug 6, 2018

**Clarification of News Report**

Please see attached letter reply to PSE

**Other Relevant Information**

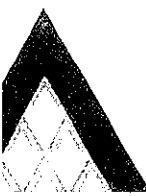
**Filed on behalf by:**

**Name**

Jose Saldívar, Jr.

**Designation**

Finance Manager



## Alsons Consolidated Resources, Inc.

(Listed in the Philippine Stock Exchange Trading Symbol "ACR")

2nd Floor, Alsons Building  
2286 Chino Roces Ext., (formerly P. Tamo Ext.,) Makati City  
1231 Metro Manila Philippines  
Tel. Nos.: (632) 982-3000 Fax Nos.: (632) 982-3077  
Website: [www.acr.com.ph](http://www.acr.com.ph)

August 6, 2018

**Philippine Stock Exchange, Inc.**  
Listing and Disclosure Department  
PSE Plaza, Ayala Triangle  
Ayala Avenue, Makati City, Philippines

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

Subject : **Alsons Consolidated Resources, Inc.**

Dear Sir:

We reply to your email dated August 6, 2018 with regard to the attached news article entitled "Alsons raise P2.5 billion from commercial paper issuance" posted in the BusinessWorld Online on August 6, 2018. The article reported in part that:

"ALSONS CONSOLIDATED Resources, Inc. (ACR) looks to raise P2.5 billion from the issuance of commercial papers in the next three years, with the first tranche to be used for the construction of its Siguil hydropower plant.

The listed firm filed its application for registration of the commercial papers with the Securities and Exchange Commission last Aug. 3. The first tranche of the issuance will consist of P1.5 billion worth of commercial papers with a tenor of 90 days for Series A, 180 days for Series B, and 360 days for Series C.

The commercial papers will be priced at a discount or at face value, with the discounts ranging from 4.9416% to 5.9416% for Series A, 5.1763% to 6.1763% for Series B, and 5.7161% to 6.7161% for Series C.

The Alcantara-led company has engaged Multinational Investment Bancorporation as sole issue manager, lead arranger, and underwriter.

The commercial papers will be listed at the Philippine Dealing & Exchange Corp.

Proceeds of the offer is estimated to reach around P1.395 billion. ACR said it will use these funds to settle its short-term obligations worth P291.25 million, which are set to mature in the third quarter of 2018.

The balance, worth P1.10 billion, will be for the P3.9-billion run-of-river hydroelectric power plant that the company plans to build along Siguil River in Sarangani province.

'The company plans to use the remaining balance of the proceeds to partially bridge finance the Siguil project's construction until permanent capital is secured,' it said.

ACR targets to start construction of the 15.1-megawatt power plant by the third quarter of this year, with commercial operations scheduled to commence in 2021.

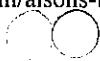
The company, however, noted it has yet to finalize the disbursement schedule of the funds. With this, it intends to invest the proceeds in short-term marketable securities until the disbursement schedule is finalized.

....."

We confirm the information written in the above quotations from the said article.

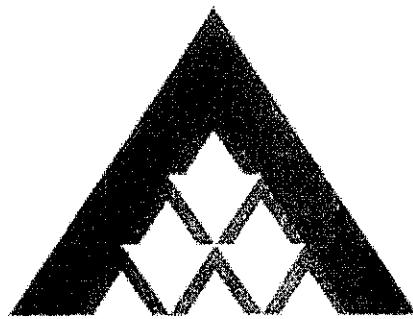
Very truly yours,

  
ANGEL M. ESGUERRA, JR.  
Assistant Corporate Secretary and  
Alternate Compliance Officer



## Alsons to raise P2.5 billion from commercial paper issuance

*Neil Charm*

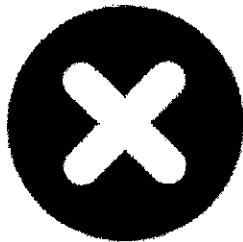


### Alsons Consolidated Resources, Inc.

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ACR targets to start construction of the 15.1-megawatt power plant by the third quarter of this year, with commercial operations scheduled to commence in 2021.

The company, however, noted it has yet to finalize the disbursement schedule of the funds. With this, it intends to invest the proceeds in short-term marketable securities until the disbursement schedule is finalized.

Local debt watcher Philippine Rating Services Corp. earlier gave the company a PRS A plus rating, indicating that ACR has an above average capacity to meet its financial commitment compared to other local firms, yet it is also more susceptible to adverse changes in circumstances and economic conditions than higher-rated companies.

The rating was also assigned a stable outlook, indicating that it is unlikely to change in the next 12 months.

Incorporated in 1974, ACR is involved mainly in energy, power, and property development. It has three operating power generation subsidiaries, namely Western Mindanao Power Corp., Southern Philippines Power Corp., and Mapalad Power Corp.

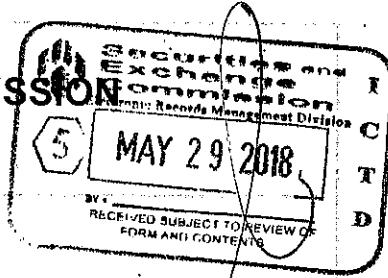
ACR grew its net income by 26% to P103.14 million in the first quarter of 2018. Revenues picked up 1.8% to P1.68 billion, due to lower financial charges after it settled some short-term debt and pre-paid a portion of long-term debt. — **Arra B.**

**Francia**

C03698-2018

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER.**



**1. Date of Report (Date of earliest event reported)**

May 28, 2018

**2. SEC Identification Number**

59366

**3. BIR Tax Identification No.**

001-748-412

**4. Exact name of issuer as specified in its charter**

ALSONS CONSOLIDATED RESOURCES, INC.

**5. Province, country or other jurisdiction of incorporation**

PHILIPPINES

**6. Industry Classification Code(SEC Use Only)**

**7. Address of principal office**

ALSONS BLDG., 2286 CHINO ROCES AVENUE, MAKATI CITY

Postal Code

1231

**8. Issuer's telephone number, including area code**

(632) 982-3000

**9. Former name or former address, if changed since last report**

N/A

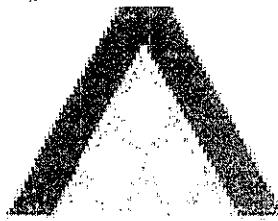
**10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA**

<b>Title of Each Class</b>	<b>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</b>
COMMON STOCK P1.00/PAR	
VALUE	6,291,500,000

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## **Alsons Consolidated Resources, Inc.**

### **ACR**

#### **PSE Disclosure Form 4-13 - Clarification of News Reports**

**References: SRC Rule 17 (SEC Form 17-C) and  
Section 4.4 of the Revised Disclosure Rules**

##### **Subject of the Disclosure**

Clarification to News Articles entitled: (1) "Alsons, NGCP agree to connect Sarangani power plant to General Santos substation" posted in BusinessMirror (Internet Edition) on May 27, 2018; and (2) ACR, Ayala to invest P20 billion to develop Davao City property" published in the May 28, 2018 issue of the BusinessWorld.

**Source** BusinessMirror (Internet Edition) and BusinessWorld

**Subject of News Report** "Alsons, NGCP agree to connect Sarangani power plant to General Santos substation" and ACR, Ayala to invest P20 billion to develop Davao City property"

**Date of Publication** May 28, 2018

##### **Clarification of News Report**

Please see attached letter reply to PSE.

##### **Other Relevant Information**

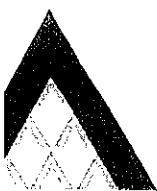
##### **Filed on behalf by:**

**Name**

Jose Saldivar, Jr.

**Designation**

Finance Manager



## Alsons Consolidated Resources, Inc.

(Listed in the Philippine Stock Exchange Trading Symbol "ACR")

2nd Floor, Alsons Building  
2286 Chino Roces Ext., (formerly P. Tamo Ext.) Makati City  
1231 Metro Manila Philippines  
Tel. Nos.: (632) 982-3000 Fax Nos.: (632) 982-3077  
Website: [www.acr.com.ph](http://www.acr.com.ph)

May 28, 2018

### Philippine Stock Exchange, Inc.

Listing and Disclosure Department  
9<sup>th</sup> Floor, PSE Tower, BGC  
Taguig City, Philippines

Attention : **MR. JOSE VALERIANO B. ZUNO III**  
Head, Disclosure Department

Subject : **Alsons Consolidated Resources, Inc.**

Dear Sir:

We reply to the Exchange's letter dated May 28, 2018 with regard to the attached news articles entitled:

**1. "Alsons, NGCP agree to connect Sarangani power plant to General Santos substation"**  
posted in BusinessMirror (Internet Edition) on May 27, 2018, which reported in part that:

"ALSONS Consolidated Resources Inc. (Acri) and the National Grid Corp. of the Philippines (NGCP) have reportedly settled their dispute, paving the way for the commercial operation of the Sarangani power plant to proceed as scheduled next year.

....  
Bulk of the company's P9-billion capital expenditure (capex) this year has been set aside to fund SEC Phase II power project, Acri CFO Robert Yenko said.

'This year, we're completing bulk of SEC2. So, that should be around P7 billion,' he said.

....  
Yenko said the company may allocate P1 billion to partly finance its hydropower project along Siguil River in Sarangani province.

The 15.1-MW run-of-river hydroelectric power plant project, estimated to cost P3.9 billion, is targeted for completion by the second half of 2020. Construction is scheduled to commence within the third quarter of the year.

Acri will also tap up to ₱700 million from a Japanese government and take in Toyota Tsusho Corp. as a partner for the hydropower project.

The remaining amount for this year's P9-billion capex will go to San Ramon Power Inc. (SRPI) baseload plant in Zamboanga City.

...."

*We confirm the information written in the above quotations from the said article.*

We reply to the Exchange's letter dated May 28, 2018 with respect with the second article entitled:

**2. "ACR, Ayala to invest P20 billion to develop Davao City property"** published in the May 28, 2018 issue of the BusinessWorld , which reported in part that:

"ALSONS Consolidated Resources, Inc. (ACR) has placed at P20 billion the initial investment in a Davao City property it is jointly developing with the Ayala group that is expected to break ground this year, company officials said.

'The commitment of the partners is P20 billion in investment for the infrastructure, the amenities, plus the products,' ACR Chairman and President Tomas I. Alcantara told reporters.

The project, named Azuela Cove, is a 27-hectare development in Lanang, Davao City.

....

Mr. Alcantara said Azuela Cove is a 60%-40% partnership between his group and the Ayala-led property giant.

...."

*We also confirm the information written in the above quotation in the said article.*

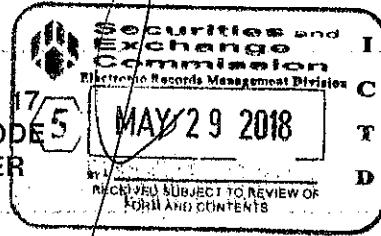
Very truly yours,

  
ANGEL M. ESGUERRA, JR.  
Alternate Compliance Officer and  
Assistant Corporate Secretary

# SECURITIES AND EXCHANGE COMMISSION

## SEC FORM 17-C

### CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

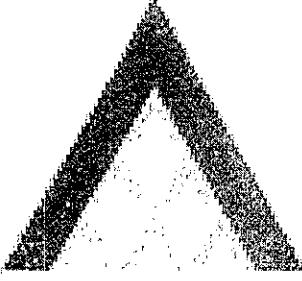


1. Date of Report (Date of earliest event reported)  
May 24, 2018
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# Alsons Consolidated Resources, Inc.

## ACR

### PSE Disclosure Form 4-25 - Results of Organizational Meeting

*References: SRC Rule 17 (SEC Form 17-C) and  
Section 4.4 of the Revised Disclosure Rules*

#### Subject of the Disclosure

RESULTS OF THE ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS HELD ON MAY 24, 2018

#### Background/Description of the Disclosure

RESULTS OF THE ORGANIZATIONAL MEETING OF THE BOARD OF DIRECTORS HELD ON MAY 24, 2018

#### List of elected officers for the ensuing year with their corresponding shareholdings in the Issuer

Name of Person	Position/Designation	Shareholdings in the Listed Company		Nature of Indirect Ownership
		Direct	Indirect	
TOMAS I. ALCANTARA	Chairman and President	1	0	-
TIRSO G. SANTILLAN, JR.	Executive Vice-President	1	0	-
EDITHA I. ALCANTARA	Treasurer	100,000	0	-
ROBERT F. YENKO	Chief Financial Officer	0	0	-
ROBERTO V. SAN JOSE	Corporate Secretary	500,000	0	-
ANGEL M. ESGUERRA, III	Assistant Corporate Secretary	0	0	-

#### List of Committees and Membership

Name of Committees	Members	Position/Designation in Committee
Executive & Corporate Governance Committee	TOMAS I. ALCANTARA	Chairman
Executive & Corporate Governance Committee	EDITHA I. ALCANTARA	Member
Executive & Corporate Governance Committee	THOMAS G. AQUINO	Member
Executive & Corporate Governance Committee	JOSE BEN R. LARAYA	Member
Executive & Corporate Governance Committee	TIRSO G. SANTILLAN, JR.	Member
Audit, Risk Oversight & Related Party Transaction	JOSE BEN R. LARAYA	Chairman

Audit, Risk Oversight & Related Party Transaction	EDITHA I. ALCANTARA	Member
Audit, Risk Oversight & Related Party Transaction	TIRSO G. SANTILLAN, JR.	Member
Audit, Risk Oversight & Related Party Transaction	JACINTO C. GAVINO, JR.	Member
Audit, Risk Oversight & Related Party Transaction	RAMON T. DIOKNO	Member
Compensation Committee	TOMAS I. ALCANTARA	Chairman
Compensation Committee	HONORIO A. POBLADOR III	Member
Compensation Committee	JOSE BEN R. LARAYA	Member
Compensation Committee	TIRSO G. SANTILLAN, JR.	Member
Nomination & Election Committee	TOMAS I. ALCANTARA	Chairman
Nomination & Election Committee	JOSE BEN R. LARAYA	Member
Nomination & Election Committee	ARTURO B. DIAGO, JR.	Member
Nomination & Election Committee	SYLVIA M. DUQUE	Member
Retirement Committee	EDITHA I. ALCANTARA	Chairman
Retirement Committee	ROBERT F. YENKO	Member
Retirement Committee	SYLVIA M. DUQUE	Member

**List of other material resolutions, transactions and corporate actions approved by the Board of Directors**

The Board appointed Mr. Esperidion D. Develos, Jr. as Chief Audit Executive reporting directly to the Audit Committee.

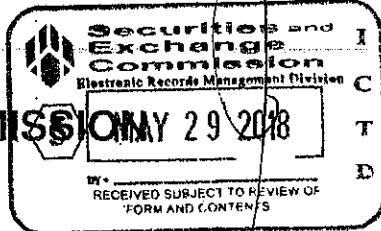
The Board also designated Mr. Robert F. Yenko and Atty. Angel M. Esguerra, III as the Company's Corporate Information Officers / Compliance Officers with respect to disclosure requirements of the Philippine Stock Exchange (PSE) and Securities Exchange Commission (SEC).

**Other Relevant Information**

**Filed on behalf by:**

**Name** : Jose Saldivar, Jr.  
**Designation** : Finance Manager

C03647-2018



**SECURITIES AND EXCHANGE COMMISSION  
SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER**

1. Date of Report (Date of earliest event reported)

May 24, 2018

2. SEC Identification Number

59366

3. BIR Tax Identification No.

001-748-412

4. Exact name of issuer as specified in its charter

ALSONS CONSOLIDATED RESOURCES, INC.

5. Province, country or other jurisdiction of incorporation

PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

ALSONS BLDG., 2286 CHINO ROCES AVENUE, MAKATI CITY

Postal Code

1231

8. Issuer's telephone number, including area code

(632) 982-3000

9. Former name or former address, if changed since last report

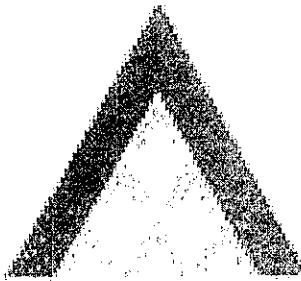
N/A

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK PHP1.00/PAR VALUE	6,291,500,000

11. Indicate the item numbers reported herein

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



# Alsons Consolidated Resources, Inc.

## ACR

**PSE Disclosure Form 4-24 - Results of Annual or Special Stockholders' Meeting**  
*References: SRC Rule 17 (SEC Form 17-C) and  
Section 4.4 of the Revised Disclosure Rules*

**Subject of the Disclosure**

RESULTS OF THE 2018 ANNUAL STOCKHOLDERS' MEETING

**Background/Description of the Disclosure**

RESULTS OF THE 2018 ANNUAL STOCKHOLDERS' MEETING

**List of elected directors for the ensuing year with their corresponding shareholdings in the Issuer**

Name of Person	Shareholdings in the Listed Company		Nature of Indirect Ownership
	Direct	Indirect	
TOMAS I. ALCANTARA	1	0	-
EDITHA I. ALCANTARA	100,000	0	-
ALEJANDRO I. ALCANTARA	1	0	-
JACINTO C. GAVINO, JR.	1	0	-
RAMON T. DIOKNO	1	0	-
JOSE BEN R. LARAYA	100	0	-
CONRADO C. ALCANTARA	1	0	-
HONORIO A. POBLADOR III	100	0	-
THOMAS G. AQUINO	100	0	-
TIRSO G. SANTILLAN, JR.	1	0	-
ARTURO B. DIAGO, JR.	1	0	-

External auditor

SYCIP GORRES VELAYO & CO.

**List of other material resolutions, transactions and corporate actions approved by the stockholders**

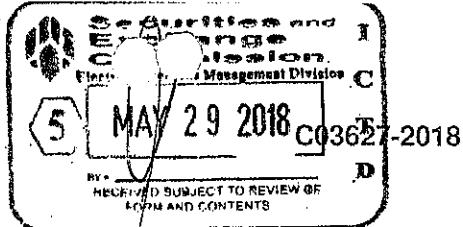
1. Approval of the Minutes of the Annual Meeting of Stockholders' held on May 25, 2017;  
2. Approval of the Annual Report of Management and Audited Financial Statements for the year 2017;  
3. Ratification of Acts and Resolutions of the Board, its Committees and Management for the year 2017;  
4. Re-appointment of Sycip, Gorres, Velayo & Co., as External Auditor for the year 2018.

**Other Relevant Information**

**Filed on behalf by:**

**Name** : Jose Saldivar, Jr.  
**Designation** : Finance Manager

Ex-Date : Jun 27, 2018



## SECURITIES AND EXCHANGE COMMISSION SEC FORM 17-C

### CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

May 24, 2018

2. SEC Identification Number

59366

3. BIR Tax Identification No.

001-748-412

4. Exact name of issuer as specified in its charter

ALSONS CONSOLIDATED RESOURCES, INC.

5. Province, country or other jurisdiction of incorporation

PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

ALSONS BLDG., 2286 CHINO ROCES AVENUE, MAKATI CITY

Postal Code

1231

8. Issuer's telephone number, including area code

(632)982-3000

9. Former name or former address, if changed since last report

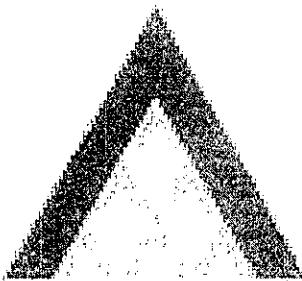
N/A

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK P1.00/PAR VALUE	6,291,500,000

11. Indicate the item numbers reported herein

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# Alsons Consolidated Resources, Inc.

## ACR

**PSE Disclosure Form 6-1 - Declaration of Cash Dividends**  
*References: SRC Rule 17 (SEC Form 17-C) and  
Sections 6 and 4.4 of the Revised Disclosure Rules*

**Subject of the Disclosure**

SPECIAL CASH DIVIDEND DECLARATION

**Background/Description of the Disclosure**

SPECIAL CASH DIVIDEND DECLARATION

**Type of Securities**

- Common
- Preferred
- Others

**Cash Dividend**

**Date of Approval by  
Board of Directors** May 24, 2018

**Other Relevant  
Regulatory Agency, if  
applicable**

N/A

**Date of Approval by  
Relevant Regulatory  
Agency, if applicable**

SPECIAL

**Type (Regular or  
Special)**

SPECIAL

**Amount of Cash  
Dividend Per Share**

P0.02

**Record Date**

Jun 30, 2018

**Payment Date**

Jul 25, 2018

**Source of Dividend Payment**



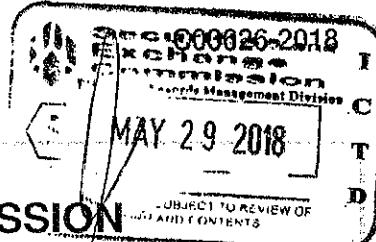
## OUT OF UNRESTRICTED RETAINED EARNINGS AS OF DECEMBER 31, 2017

### Other Relevant Information

#### Filed on behalf by:

Name	: Jose Saldivar, Jr.
Designation	: Finance Manager

Ex-Date : Jun 27, 2018



## SECURITIES AND EXCHANGE COMMISSION SEC FORM 17-C

### CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)

May 24, 2018

2. SEC Identification Number

59366

3. BIR Tax Identification No.

001-748-412

4. Exact name of issuer as specified in its charter

ALSONS CONSOLIDATED RESOURCES, INC.

5. Province, country or other jurisdiction of incorporation

PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

Alsons Bldg., 2286 Chino Roces Avenue, Makati City

Postal Code

1231

8. Issuer's telephone number, including area code

(632) 982-3000

9. Former name or former address, if changed since last report

n/a

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

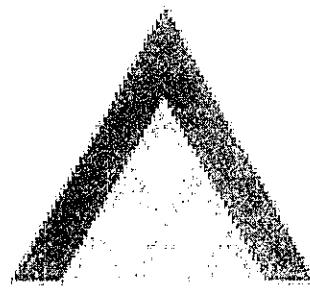
Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
---------------------	---

Common Stock Php1.00/par value	6,291,500,000
--------------------------------	---------------

11. Indicate the item numbers reported herein

declaration of cash dividend

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



# Alsons Consolidated Resources, Inc.

## ACR

### PSE Disclosure Form 6-1 - Declaration of Cash Dividends

*References: SRC Rule 17 (SEC Form 17-C) and  
Sections 6 and 4.4 of the Revised Disclosure Rules*

#### Subject of the Disclosure

#### DECLARATION OF CASH DIVIDEND

#### Background/Description of the Disclosure

Please be advised that at the special meeting of the Board of Directors of Alsons Consolidated Resources, Inc. ("ACR") held today, the Board approved the declaration of regular cash dividend per share of P0.016 per share , in favor of the common stockholders of record as of June 30, 2018 and payment date of July 25, 2018 from the Company's unrestricted retained earnings attributed to equity holders of the Parent as of December 31, 2017.

#### Type of Securities

- Common
- Preferred -
- Others -

#### Cash Dividend

Date of Approval by Board of Directors	May 24, 2018
Other Relevant Regulatory Agency, if applicable	
Date of Approval by Relevant Regulatory Agency, if applicable	N/A
Type (Regular or Special)	REGULAR
Amount of Cash Dividend Per Share	P0.016
Record Date	Jun 30, 2018

Payment Date

Jul 25, 2018

## Source of Dividend Payment

FROM THE UNRESTRICTED RETAINED EARNINGS OF THE CORPORATION AS OF DEC 31, 2017.

## Other Relevant Information

Filed on behalf by:

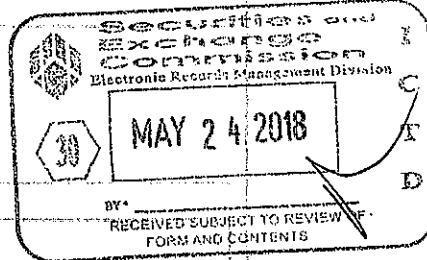
Name: Jose Saldivar, Jr.

## Designation : Finance Manager

C03523-2018

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER**



**1. Date of Report (Date of earliest event reported)**

May 18, 2018

**2. SEC Identification Number**

59366

**3. BIR Tax Identification No.**

001-748-412

**4. Exact name of issuer as specified in its charter**

ALSONS CONSOLIDATED RESOURCES, INC.

**5. Province, country or other jurisdiction of incorporation**

PHILIPPINES

**6. Industry Classification Code(SEC Use Only)**

**7. Address of principal office**

ALSONS BLDG., 2286 CHINO ROCES AVENUE, MAKATI CITY, PHILIPPINES

Postal Code

1231

**8. Issuer's telephone number, including area code**

(632) 982-3000

**9. Former name or former address, if changed since last report**

N/A

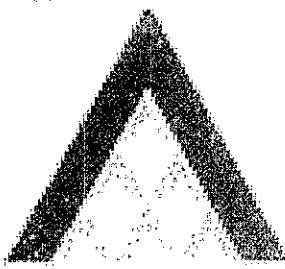
**10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA**

<b>Title of Each Class</b>	<b>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</b>
COMMON STOCK PhP1.00/par value	6,291,500,000

**11. Indicate the item numbers reported herein**

n/a

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## Alsons Consolidated Resources, Inc. ACR

**PSE Disclosure Form 4-31 - Press Release**  
**References: SRC Rule 17 (SEC Form 17-C)**  
**Section 4.4 of the Revised Disclosure Rules**

**Subject of the Disclosure**

Alsons Receives A+ Issuer Credit Rating for Proposed PhP1.5B CPs

**Background/Description of the Disclosure**

please see attached

**Other Relevant Information**

**Filed on behalf by:**

**Name**

Jose Saldivar, Jr.

**Designation**

Finance Manager

**Alsons Consolidated Resources, Inc.**  
(Listed in the Philippine Stock Exchange Trading Symbol "ACR")  
2nd Floor, Alsons Building  
2286 Chino Roces Ext., (formerly P. Tamo Ext.,) Makati City  
1231 Metro Manila Philippines  
Tel. Nos.: (632) 982-3000 Fax Nos.: (632) 982-3077  
Website: [www.acr.com.ph](http://www.acr.com.ph)

May 18, 2018

**Philippine Stock Exchange**

Attn.: Mr. Jose Valeriano B. Zuno III  
Head – Disclosure Department  
Listings and Disclosure Group  
9<sup>th</sup> Floor, PSE Tower, BGC, Taguig City

**Securities & Exchange Commission**

Attn.: Director Justina F. Callangan  
Corporation Finance Department  
S.E.C. Building, EDSA  
Greenhills, Mandaluyong City

Gentlemen:

We are furnishing the Exchange with a copy of the Press Statement by the Company entitled:  
"Alsons Receives A+ Issuer Credit Rating for Proposed ₱1.5B CPs."

We trust that you will find the foregoing in order.

Very truly yours,

  
**ANGEL M. ESGUERRA, III**  
Corporate Information Officer &  
Assistant Corporate Secretary

Encl/  
legal PSE-SEC 17-c2018



Resources, Inc.

Refer to: Robert F. Yenko, Chief Financial Officer, Alsons Consolidated Resources, Inc.  
[ryenko@alcantaragroup.com](mailto:ryenko@alcantaragroup.com) (02) 982 3026

Philip E.B. Sagun, Head of Treasury and Corporate Finance, Alsons Consolidated Resources, Inc.  
[psagun@alcantaragroup.com](mailto:psagun@alcantaragroup.com) (02) 982 3027

### **Alsons Receives A+ Issuer Credit Rating for Proposed ₱ 1.5B CPs**

Alsons Consolidated Resources, Inc. (ACR), the publicly-listed company of the Alcantara Group, has received a PRS A plus (corp.) issuer credit rating from the Philippine Rating Services Corporation (PhilRatings) for the company's proposed Commercial Papers (CPs) amounting to ₱ 1.5 billion.

According to PhilRatings, a PRS A plus (corp.) rating means the company has an above average capacity to meet its financial commitments relative to other Philippine corporates. Among the factors cited by PhilRatings as basis for the rating were "the positive growth prospects for Mindanao which will bring about an increasing demand for power," and ACR's "ability to establish joint ventures with strong partners for particular projects."

In a disclosure to the Philippine Stock Exchange (PSE), ACR - Mindanao's first and most experienced independent power producer - stated that the proceeds of the proposed issuance would be primarily used to initially fund the development of the company's ₱ 3.7 billion 15.1 MW run-of -river hydroelectric power project at the Siguil River basin in Maasim, Sarangani Province. The Siguil Hydro power plant is expected to begin commercial operations in 2020 and will provide power to Sarangani Province, General Santos City and key municipalities of South Cotabato.

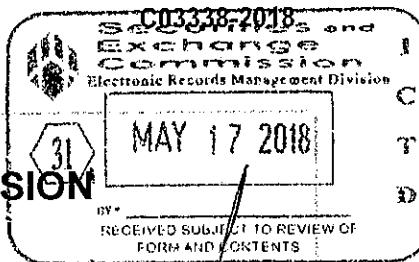
ACR currently operates four power facilities in Mindanao generating a combined capacity of 363 Mega Watts (MW) serving over eight million people in 13 cities and 8 provinces including key urban centers such as Davao City, Cagayan de Oro, General Santos, Iligan, and Zamboanga City.

Aside from the Siguil Hydro Power project, the company is also in the final stages of construction for Section 2 of the 210-megawatt (MW) Sarangani Energy Corporation(SEC) baseload coal-fired power plant in Maasim, Sarangani. SEC Section 2 is expected to begin commercial operations within the first quarter of 2019. The US\$570-million SEC power plant is the single largest power investment in Sarangani Province and the entire Region 12.

ACR will also begin construction this year on the 105 MW San Ramon Power, Inc. (SRPI) baseload coal-fired power plant in Zamboanga City which targets to start commercial operations in 2021. ACR-affiliated power facilities are expected to reach a total generating capacity of 588 MW by 2021, approximately 25% of Mindanao projected peak power demand for that year.

The Alcantara Group, through its other subsidiaries aside from ACR, is also engaged in aquaculture and agribusiness, property development and services. It has been an active player in the economic development of Mindanao and the rest of the Philippines for over 60 years.

###



**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER**

**1. Date of Report (Date of earliest event reported)**

May 11, 2018

**2. SEC Identification Number**

59366

**3. BIR Tax Identification No.**

001-748-412

**4. Exact name of issuer as specified in its charter**

ALSONS CONSOLIDATED RESOURCES, INC.

**5. Province, country or other jurisdiction of incorporation**

PHILIPPINES

**6. Industry Classification Code(SEC Use Only)**

**7. Address of principal office**

ALSONS BLDG., 2286 CHINO ROCES AVENUE, MAKATI CITY, PHILIPPINES

Postal Code

1231

**8. Issuer's telephone number, including area code**

(632) 982-3000

**9. Former name or former address, if changed since last report**

N/A

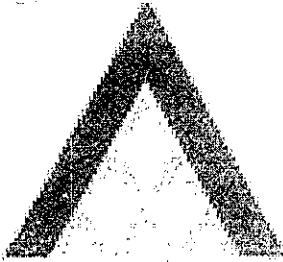
**10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA**

<b>Title of Each Class</b>	<b>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</b>
COMMON STOCK P1.00/PAR VALUE	6,291,500,000

**11. Indicate the item numbers reported herein**

N/A

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## Alsons Consolidated Resources, Inc. ACR

**PSE Disclosure Form 4-31 - Press Release**  
**References: SRC Rule 17 (SEC Form 17-C)**  
**Section 4.4 of the Revised Disclosure Rules**

**Subject of the Disclosure**

"Financial Times lists Alsons as one of Asia Pacific's fastest growing companies"

**Background/Description of the Disclosure**

please see attached

**Other Relevant Information**

**Filed on behalf by:**

**Name**

Jose Saldivar, Jr.

**Designation**

Finance Manager



## Alsons Consolidated Resources, Inc.

(Listed in the Philippine Stock Exchange Trading Symbol "ACR")  
2nd Floor, Alsons Building  
2286 Chino Roces Ext., (formerly P. Tamo Ext.) Makati City  
1231 Metro Manila Philippines  
Tel. Nos.: (632) 982-3000 Fax Nos.: (632) 982-3077  
Website: [www.acr.com.ph](http://www.acr.com.ph)

May 11, 2018

**Philippine Stock Exchange**

Attn.: Mr. Jose Valeriano B. Zuno III  
Head – Disclosure Department  
Listings and Disclosure Group  
9<sup>th</sup> Floor, PSE Tower, BGC, Taguig City

**Securities & Exchange Commission**

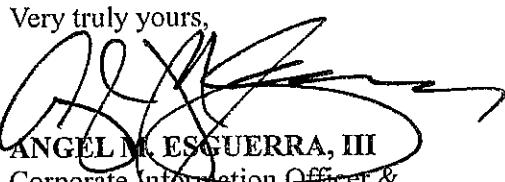
Attn.: Director Justina F. Callangan  
Corporation Finance Department  
S.E.C. Building, EDSA  
Greenhills, Mandaluyong City

Gentlemen:

We are furnishing the Exchange with a copy of the Press Statement by the Company entitled: "Financial Times lists Alsons as one of Asia Pacific's fastest growing companies."

We trust that you will find the foregoing in order.

Very truly yours,



ANGEL M. ESGUERRA, III  
Corporate Information Officer &  
Assistant Corporate Secretary

Encl/  
legal/PSE-SEC17-e2018

Refer to: Oscar Benedict E. Contreras III, Head of Corporate Communications  
[oecontreras@alsonspower.com](mailto:oecontreras@alsonspower.com) (02) 823 7225

## Financial Times lists Alsons as one of Asia Pacific's fastest growing companies

Alsons Consolidated Resources, Inc. (ACR)- the publicly listed company of the Alcantara Group, was one of the few Philippine-based companies included in the "FT 1000 High-Growth Companies in Asia Pacific" list released recently by the Financial Times (FT) of London, the first time that such a list has been compiled.

FT partnered with German research firm Statista in coming up with the Top 1000 basing the rankings on the percentage of revenue growth between 2013-2016, of over 14,000 companies spanning 11 of the region's more developed markets, namely Australia, Hong Kong, India, Indonesia, Japan, Malaysia, New Zealand, Singapore, South Korea, Taiwan and the Philippines.

ACR came in 5<sup>th</sup> among only 26 Philippine-based companies that made it to the Financial Times list. The compilation highlighted independent companies exhibiting standout growth in revenues between 2013 and 2016, with companies chosen for registering revenues of at least US\$100,000 in 2013 and at least US\$1 million in 2016. Financial Times noted that ACR registered a revenue growth of 106 percent and a compounded annual growth rate (CAGR) of 27.3 percent between 2013 and 2016.

ACR recently celebrated its 25<sup>th</sup> listing anniversary at the Philippine Stock Exchange. Over the years, ACR – Mindanao's first and most experienced independent power producer – has been a key driver in promoting the economic growth and development of Mindanao through its subsidiaries engaged primarily in power generation.

ACR chairman and president Tomas I. Alcantara said the Mindanao-based firm "will continue to grow its businesses and remain steadfast in its commitment to the economic development of the South, with the main focus on providing safe, reliable and affordable power to Mindanao and eventually the Visayan region."

ACR affiliates and subsidiaries currently own and operate four power facilities with a combined generating capacity of 363 megawatts serving 8 million people in key provinces and cities of Mindanao. By 2021, the company projects a total generating capacity of 588 megawatts equivalent to 25 percent of Mindanao's projected peak power demand once projects that are in the pipeline are completed, among them the second 105-megawatt section of the 210-megawatt baseload coal-fired power plant of ACR subsidiary Sarangani Energy Corporation (SEC) in Sarangani province, a 15-megawatt run-of-river hydroelectric plant also in Sarangani, and another baseload coal-fired power plant in Zamboanga City. ACR also announced plans to develop power ventures outside of Mindanao, starting with planned run-of-river hydro power projects in Negros Occidental.

###



103232018001908



## SECURITIES AND EXCHANGE COMMISSION

SECBuilding, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

### Barcode Page

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Receiving Officer/Encoder : Buen Jose Mose - COS

Receiving Branch : SEC Head Office

Receipt Date and Time : March 23, 2018 01:59:42 PM

Received From : Head Office

Company Representative

Doc Source

### Company Information

SEC Registration No. 0000059366

Company Name ALSONS CONSOLIDATED RESOURCES INC.

Industry Classification

Company Type Stock Corporation

### Document Information

Document ID 103232018001908

Document Type 17-C (FORM 11-C:CURRENT DISCL/RPT)

Document Code 17-C

Period Covered March 22, 2018

No. of Days Late 0

Department CFD

Remarks

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER**

1. Date of Report (Date of earliest event reported)

Mar 22, 2018

2. SEC Identification Number

59366

3. BIR Tax Identification No.

001-748-412

4. Exact name of issuer as specified in its charter

ALSONS CONSOLIDATED RESOURCES, INC.

5. Province, country or other jurisdiction of incorporation

PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

ALSONS BLDG., 2286 CHINO ROCES AVENUE, MAKATI CITY, PHILIPPINES

Postal Code

1231

8. Issuer's telephone number, including area code

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9. Former name or former address, if changed since last report

N/A

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

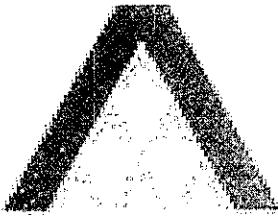
Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK P1.00/PAR VALUE	6,291,500,000

11. Indicate the item numbers reported herein

N/A

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*





## **Alsons Consolidated Resources, Inc. ACR**

### **PSE Disclosure Form 4-30 - Material Information/Transactions**

**References: SRC Rule 17 (SEC Form 17-C) and  
Sections 4.1 and 4.4 of the Revised Disclosure Rules**

#### **Subject of the Disclosure**

**AUDITED FINANCIAL STATEMENT FOR THE YEAR 2017**

#### **Background/Description of the Disclosure**

Please be advised that in a meeting held on 22 March 2018, the Board of Directors of Alsons Consolidated Resources, Inc. ("ACR") approved the Audited Financial Statement for the year 2017 as audited by the firm Sycip Gorres Velayo & Co.

Thank you.

#### **Other Relevant Information**

#### **Filed on behalf by:**

**Name**

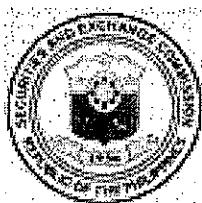
Jose Saldivar, Jr.

**Designation**

Finance Manager



103232018001903



## SECURITIES AND EXCHANGE COMMISSION

SECBuilding, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
Tel: (632) 726-0931 to 39 Fax: (632) 725-5293 Email: mis@sec.gov.ph

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### Company Information

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SEC Registration No. 0000059366

Company Name ALSONS CONSOLIDATED RESOURCES INC.

Industry Classification

Company Type Stock Corporation

### Document Information

---

Document ID 103232018001903

Document Type 17-C (FORM 11-C:CURRENT DISCL/RPT)

Document Code 17-C

Period Covered March 22, 2018

No. of Days Late 0

Department CFD

Remarks

C01897-2018

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER**

1. Date of Report (Date of earliest event reported)

Mar 22, 2018

2. SEC Identification Number

59366

3. BIR Tax Identification No.

001-748-412

4. Exact name of issuer as specified in its charter

ALSONS CONSOLIDATED RESOURCES, INC.

5. Province, country or other jurisdiction of incorporation

PHILIPPINES

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

ALSONS BLDG., 2286 CHINO ROCES AVENUE, MAKATI CITY, PHILIPPINES

Postal Code

1231

8. Issuer's telephone number, including area code

(632) 982-3000

9. Former name or former address, if changed since last report

N/A

10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

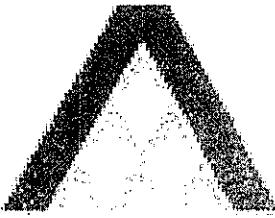
Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt
Outstanding	
COMMON STOCK P1.00/PAR VALUE	6,291,500,000

11. Indicate the item numbers reported herein

N/A

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*





## **Alsons Consolidated Resources, Inc.**

### **ACR**

**PSE Disclosure Form 4-31 - Press Release**  
**References: SRC Rule 17 (SEC Form 17-C)**  
**Section 4.4 of the Revised Disclosure Rules**

**Subject of the Disclosure**

"Second Section of Alsons Sarangani Power plant and other key projects on-track to begin operating in 2019"

**Background/Description of the Disclosure**

please see attached.

**Other Relevant Information**

**Filed on behalf by:**

Name

Jose Saldivar, Jr.

Designation

Finance Manager



## Alsons Consolidated Resources, Inc.

(Listed in the Philippine Stock Exchange Trading Symbol "ACR")  
2nd Floor, Alsons Building  
2286 Chino Roces Ext., (formerly P. Tamo Ext.,) Makati City  
1231 Metro Manila Philippines  
Tel. Nos.: (632) 982-3000 Fax Nos.: (632) 982-3077  
Website: [www.acr.com.ph](http://www.acr.com.ph)

---

March 22, 2018

**Philippine Stock Exchange**

Attn.: Mr. Jose Valeriano B. Zuno III  
Head – Disclosure Department  
Listings and Disclosure Group  
9<sup>th</sup> Floor, PSE Tower, BGC, Taguig City

**Securities & Exchange Commission**

Attn.: Director Justina F. Callangan  
Corporation Finance Department  
S.E.C. Building, EDSA  
Greenhills, Mandaluyong City

Gentlemen:

Please be advised that in a meeting held on 22 March 2018, the Board of Directors of Alsons Consolidated Resources, Inc. ("ACR") approved the Audited Financial Statement for the year 2017 as audited by the firm Sycip Gorres Velayo & Co.

We are also furnishing the Exchange with a copy of the Press Statement by the Company entitled: "Second Section of Alsons Sarangani Power plant and other key projects on -track to begin operating in 2019 ."

Very truly yours,



ANGEL M. ESGUERRA, III

Corporate Information Officer &  
Assistant Corporate Secretary

Encl/  
legal PSE-SEC17-c2018

Refer to: Robert F. Yenko, Chief Financial Officer, Alsoms Consolidated Resources, Inc.  
[ryenko@alcantaragroup.com](mailto:ryenko@alcantaragroup.com) (02) 982 3026

### **Second Section of Alsoms Sarangani Power plant and other key projects on -track to begin operating in 2019**

In a disclosure to the Philippine Stock Exchange (PSE), Alsoms Consolidated Resources, Inc. (ACR) – the publicly-listed company of the Alcantara Group and Mindanao's first and most experienced independent power producer, stated that it expects to begin commercial operations of Section 2 of the 210-megawatt (MW) Sarangani Energy Corporation(SEC) baseload coal-fired power plant within the first quarter of 2019. The first 105-MW section of the SEC plant located in Maasim, Sarangani Province began operating in April 2016, and currently delivers power to over 3 million people in the General Santos-Sarangani area as well as other parts of Mindanao including the provinces of Compostela Valley, Agusan del Norte and Agusan del Sur and the cities of Iligan and Butuan. SEC Section 2 began construction in January of 2017 and is set to contribute another 105 MW of baseload power to benefit an additional three million residents of South Cotabato, Davao del Sur, Zamboanga del Norte, Zamboanga del Sur, Cagayan de Oro City, and other key areas of the island when it begins operating in the first quarter of 2019. At a cost of nearly US\$600 million, the SEC power plant is the largest power investment in Sarangani Province and the entire Region 12.

ACR's other major projects that are on-track to completion in the next few years, are the ₱ 3.7 billion 15.1 MW run-of -river hydroelectric power project at the Siguil River basin in Maasim, Sarangani Province and the 105 MW San Ramon Power, Inc. (SRPI) baseload coal-fired power plant in Zamboanga City. The Siguil Hydro project marks ACR's entry into the renewable energy sphere. The Siguil Hydro power plant is expected to begin commercial operations within the first half of 2020 and will provide power to Sarangani Province, General Santos City and key municipalities of South Cotabato. The SRPI plant, which will provide baseload power to Zamboanga City and other nearby areas, is scheduled to commence commercial operations in 2021.

ACR likewise disclosed that consolidated full-year revenues for 2017 were at ₱6.51 billion slightly higher than 2016's full-year core revenue of ₱ 6.38 billion excluding ₱ 719.1 million of non-recurring revenue earned in 2016 related to the development of SEC Section 1. Discounting non-recurring revenue from 2016, ACR's full-year gross profit rose more than 13% from ₱1.70 billion in 2016 to ₱1.93 billion in 2017 while operating income climbed close to 19% from ₱1.17 billion in 2016 to ₱1.89 billion in 2017.

The company also revealed that finance charges increased by 39% from ₱865 million in 2016 to ₱1.20 billion in 2017 mainly because interest on the project loan for SEC's first section was fully recognized as an expense only in 2017. Prior to the start of SEC 1 operations in April 2016, interest was capitalized as part of project cost. As a result, consolidated net income in 2017 declined from 2016's ₱636 million to ₱103 million.

ACR Chief Finance Officer Robert F. Yenko stated, "We are well on schedule with the three key projects that will add three more power facilities to our portfolio, deliver 225.1 additional megawatts to our customers, and help fuel the growth of Mindanao's economy." Yenko added, "With the addition of these three projects to our power generation portfolio, ACR-affiliated power facilities will have around 588 MW of generating capacity by 2021 –approximately 25% of Mindanao's projected peak power demand for that year."

ACR also operates three diesel power facilities: the 103 MW Mapalad Power Corporation diesel plant in Iligan City, the 55 MW Southern Philippines Power Corporation facility in Alabel, Sarangani; and the 100 MW power plant of the Western Mindanao Power Corporation in Zamboanga City.

###



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## SECURITIES AND EXCHANGE COMMISSION

SECBuilding, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
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### Company Information

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**SEC Registration No.** 0000059366

**Company Name** ALSONS CONSOLIDATED RESOURCES INC.

**Industry Classification**

**Company Type** Stock Corporation

### Document Information

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**Document ID** 102232018001355

**Document Type** 17-C (FORM 11-C:CURRENT DISCL/RPT)

**Document Code** 17-C

**Period Covered** February 22, 2018

**No. of Days Late** 0

**Department** CFD

**Remarks**

C01086-2018

**SECURITIES AND EXCHANGE COMMISSION**  
**SEC FORM 17-C**

**CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE  
AND SRC RULE 17.2(c) THEREUNDER**

1. Date of Report (Date of earliest event reported)

Feb 22, 2018

2. SEC Identification Number

59366

3. BIR Tax Identification No.

001-748-412

4. Exact name of issuer as specified in its charter

ALSONS CONSOLIDATED RESOURCES, INC.

5. Province, country or other jurisdiction of incorporation

Makati, Philippines

6. Industry Classification Code(SEC Use Only)

7. Address of principal office

Alsons Bldg., 2286 Chino Roces Avenue, Makati City, Philippines

Postal Code

1231

8. Issuer's telephone number, including area code

(632) 982-3000

9. Former name or former address, if changed since last report

n/a

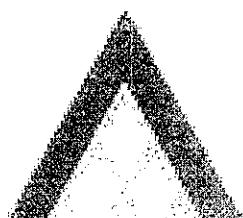
10. Securities registered pursuant to Sections 8 and 12 of the SRC or Sections 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON STOCK P1.00/par value	6,291,500,000

11. Indicate the item numbers reported herein

n/a

*The Exchange does not warrant and holds no responsibility for the veracity of the facts and representations contained in all corporate disclosures, including financial reports. All data contained herein are prepared and submitted by the disclosing party to the Exchange, and are disseminated solely for purposes of information. Any questions on the data contained herein should be addressed directly to the Corporate Information Officer of the disclosing party.*



# Alsons Consolidated Resources, Inc.

## ACR

### PSE Disclosure Form 7-1 - Notice of Annual or Special Stockholders' Meeting

References: SRC Rule 17 (SEC Form 17-C) and  
Sections 7 and 4.4 of the Revised Disclosure Rules

#### Subject of the Disclosure

Notice of Annual Stockholders' Meeting

#### Background/Description of the Disclosure

Notice of Annual Stockholders' Meeting

#### Type of Meeting

Annual

Special

Date of Approval by  
Board of Directors Feb 22, 2018

Date of Stockholders'  
Meeting May 24, 2018

Time 2:00 p.m.

Venue New World Makati Hotel

Record Date Mar 9, 2018

Agenda TBA

#### Inclusive Dates of Closing of Stock Transfer Books

Start Date TBA

End Date TBA

#### Other Relevant Information

#### Filed on behalf by:

Name Jose Saldivar, Jr.

Designation Finance Manager

  
**Alsons Consolidated Resources, Inc.**  
(Listed in the Philippine Stock Exchange Trading Symbol "ACR")  
2nd Floor, Alsons Building  
2286 Chino Roces Ext., (formerly P. Tamo Ext.) Makati City  
1231 Metro Manila Philippines  
Tel. Nos.: (632) 982-3000 Fax Nos.: (632) 982-3077  
Website: [www.acr.com.ph](http://www.acr.com.ph)

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22 February 2018

Disclosure Department  
Listings and Disclosure Group  
Philippine Stock Exchange, Inc.  
9<sup>th</sup> Floor, PSE Tower  
BGC, Taguig City

Attention: **JOSE VALERIANO B. ZUNO III**  
Head, Disclosure Department

Re : Annual Stockholders' Meeting

Gentlemen:

Please be advised that at the regular meeting of the Board of Directors of Alsons Consolidated Resources, Inc. held today, the Board set the Annual Stockholders' Meeting on May 24, 2018 at 2:00 p.m. at the New World Makati Hotel, and the record date on March 9, 2018.

Please be guided accordingly.

Very truly yours,

  
**ANGEL M. ESGUERRA, III**  
Alternate Information Officer &  
Assistant Corporate Secretary



101112018000642



## SECURITIES AND EXCHANGE COMMISSION

SECBuilding, EDSA, Greenhills, Mandaluyong City, Metro Manila, Philippines  
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### Company Information

SEC Registration No. 0000059366

Company Name ALSONS CONSOLIDATED RESOURCES INC.

Industry Classification

Company Type Stock Corporation

### Document Information

Document ID 101112018000642

Document Type LETTER/MISC

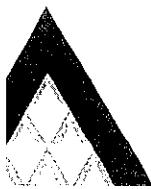
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Department CED/CFD/CRMD/MRD/NTD

Remarks



## Alsons Consolidated Resources, Inc.

(Listed in the Philippine Stock Exchange Trading Symbol "ACR")

2nd Floor, Alsons Building  
2286 Chino Roces Ext., (formerly P. Tamo Ext.) Makati City  
1231 Metro Manila Philippines  
Tel. Nos.: (632) 982-3000 Fax Nos.: (632) 982-3077  
Website: [www.acr.com.ph](http://www.acr.com.ph)

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January 9, 2018

**Securities and Exchange Commission (SEC)**

Secretariat Building, PICC Complex  
Roxas Boulevard, Pasay City

Attention: Director Justina F. Callangan  
Corporate Governance and Finance Department

Re: Report on Attendance of Directors  
at 2017 Board Meetings

Gentlemen:

In compliance with SEC Memorandum Circular No. 1, series of 2014, we hereby formally advise the Commission of the following:

1. The following table summarizes the attendance of the directors of **ALSONS CONSOLIDATED RESOURCES, INC.** (the "Corporation") in board meetings held by the Corporation during the calendar year 2017.

	Name	Date of Election/Reelection	Number of Meetings Held During the Year	Number of Meetings Attended	Percentage
Chairman	TOMAS I. ALCANTARA	May 25, 2017	10	10	100%
Board Member	EDITHA I. ALCANTARA	May 25, 2017	10	9	90%
Board Member	ALEJANDRO I. ALCANTARA	May 25, 2017	10	8	80%
Board Member	NICASIO I. ALCANTARA	May 25, 2017	2	2 (resigned effective Aug. 2017)	100% (during his term)
Board Member	ARTURO B. DIAGO, JR.	August 24, 2017	4	3	75%
Board Member	TIRSO G. SANTILLAN, JR.	May 25, 2017	10	10	100%
Board Member	CONRADO C. ALCANTARA	May 25, 2017	10	9	90%
Board Member	HONORIO A. POBLADOR III	May 25, 2017	10	10	100%

Board Member	RAMON T. DIOKNO	May 25, 2017	10	9	90%
Independent Director	JOSE BEN R. LARAYA	May 25, 2017	10	10	100%
Independent Director	JACINTO C. GAVINO, JR.	May 25, 2017	10	8	80%
Independent Director	THOMAS G. AQUINO	May 25, 2017	10	9	90%

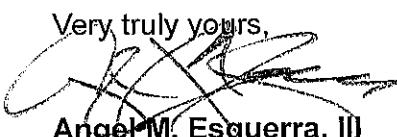
2. The Board of Directors of the Company held its meetings in the year 2017, specifically on the following dates:

Date of Meeting	Nature of Meetings
January 25, 2017	Special
February 16, 2017	Regular
March 29, 2017	Regular
April 3, 2017	Special
May 25, 2017	Special
May 25, 2017	Organizational
August 24, 2017	Regular
September 28, 2017	Regular
November 23, 2017	Regular
December 14, 2017	Regular

3. Based on the records of the minutes of the above meetings of the Corporation, no director has absented himself for more than fifty percent (50%) from all meetings of the Board of Directors, both regular and special, during his incumbency or any twelve (12) month period during said incumbency. Attached as Annex "A" hereof is a summary of the attendance of the directors in year 2017.

4. The Corporation held its annual stockholders' meeting on May 25, 2017. The Chairman of the Board, President and all the directors of the Corporation likewise attended the said annual stockholders' meeting of the Corporation on May 25, 2017.

We trust that the foregoing is sufficient. Should you require any further information, please let us know.

Very truly yours,  
  
 Angel M. Esguerra, III  
 Asst. Corporate Secretary and  
 Alternate Compliance Officer

**Annex "A"**  
**Meetings of the Board of Directors for the Year 2017**

Date of Special and Regular Board Meetings  
[Legend: Present (✓), Absent (x)]

	01-25	02-16	03-29	04-03	05-25	05-25	08-24	09-28	11-23	12-14
<b>Names of Directors</b>	SM	RM	RM	SM	SM	OM	RM	RM	RM	RM
1. Tomas I. Alcantara	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
2. Editha I. Alcantara	✓	✓	✓	✓	✓	✓	✓	x	✓	✓
3. Alejandro I. Alcantara	✓	✓	✓	✓	✓	✓	✓	x	x	✓
4. Nicasio I. Alcantara	-	-	-	-	elected ✓	✓	resigned	-	-	-
5. Arturo B. Diago, Jr.	-	-	-	-	-	-	elected ✓	✓	x	✓
6. Tirso G. Santillan, Jr.	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
7. Conrado C. Alcantara	✓	✓	✓	✓	✓	✓	x	✓	✓	✓
8. Honorio A. Poblador III	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
9. Ramon T. Dickno	✓	✓	✓	✓	✓	✓	x	✓	✓	✓
10. Jose Ben R. Laraya	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
11. Jacinto C. Gavino, Jr.	✓	✓	x	x	✓	✓	✓	✓	✓	✓
12. Thomas G. Aquino	✓	✓	x	✓	✓	✓	✓	✓	✓	✓

**Legend:**

✓ - Present  
 X - Absent  
 RM - Regular Board Meeting  
 SM - Special Board Meeting  
 OM - Organizational Board Meeting