



ACUÑA+ FRANCISCO AND MENDOZA LAW

May 14, 2024

MARKETS AND SECURITIES REGULATION DEPARTMENT

Securities and Exchange Commission
The SEC Headquarters, 7907 Makati Avenue
Salcedo Village, Bel-Air, Makati City

Attention: **ATTY. OLIVER O. LEONARDO**
Director



Dear Dir. Leonardo,


Greetings!

We would like to inform you that **ALSONS CONSOLIDATED RESOURCES, INC.** is submitting the Final Offer Circular for the fourth tranche issuance of Commercial Papers under the Three Billion Pesos (PHP 3,000,000,000.00) Commercial Paper Program.

The interest rate has been duly finalized, and we look forward to your issuance of the Permit to Sell upon your review of the submitted documents.

Thank you for your continued cooperation, and please feel free to reach out if you require any further information or clarification.

Sincerely,


JOSE MA. JASON J. FRANCISCO
For the Firm

Offer Circular dated May 14, 2024

Alsons Consolidated Resources, Inc. ("ACR")
Issuance of up to Php 516.70 Million Series-Z Commercial Papers as
the Fourth Tranche of ACR's Php 3.00 Billion Commercial Paper
Program

This document constitutes the Offer Circular relating to the issue of Commercial Papers (or "CP") described herein. Unless otherwise defined herein, capitalized terms used herein shall have the definitions set forth in the Facility Agency Agreement dated December 13, 2022, by and between ACR (or the "Company") and AB Capital and Investment Corporation.

This Offer Circular comprises the final terms of the Commercial Papers and the Summary of Consolidated Financial Information. The Offer Circular should be read in conjunction with the Final Prospectus dated December 13, 2022, subject to relevant updates as stated below. Full information on the Issuer and the offer of the Series Z Commercial Papers is only available on the basis of the combination of this Offer Circular and the Final Prospectus. The Registration Statement, together with the Offer Circular, can be accessed through the Company's website at <https://www.acr.com.ph/>.

I. Previous Issuance of ACR CP

First Tranche

On December 15, 2022, the Securities and Exchange Commission ("SEC") issued its Certificate of Permit to Offer Securities for Sale for ACR's Php 1.135 billion First Tranche of Commercial Papers out of its total Php 3.0 billion CP Program, under SEC MSRD Order No. 90, Series of 2022. The validity of the CP Program of ACR is up to three years from the date of effectivity of the Registration Statement.

Out of the total aggregate principal amount of the First Tranche, Commercial Papers amounting to Php 620 million was issued and listed on the Philippine Dealing & Exchange Corp. ("PDEx") on December 23, 2022.

The Php 620 million worth of CP issuance is broken down into two series:

Commercial Papers	Tenor	Amount (in PhP)	Discount Rate
Series T Due June 23, 2023	182 Days	149,000,000.00	6.3328% p.a.
Series U Due December 22, 2023	364 Days	471,000,000.00	7.1265% p.a.

The net proceeds from the Series T and Series U commercial papers amounted to Php572,135,065 and were used to fund the redemption of ACR's Commercial Papers Series R maturing in December 2022 and to settle ACR's maturing short-term obligations in the 1st quarter of 2023, as discussed in the Company's Prospectus.

Second Tranche

On May 30, 2023, ACR received its Certificate of Permit to Offer Securities for Sale from the SEC for its Second Tranche of Commercial Papers amounting to Php 1.380 billion. The entire amount of the Second Tranche was issued and listed on the PDEx on June 16, 2023.

The Php 1.380 billion worth of CP issuance is broken down into two series:

Commercial Papers	Tenor	Amount (in Php)	Discount Rate
Series V Due December 15, 2023	182 Days	516,700,000.00	7.3593% p.a.
Series W Due June 14, 2024	364 Days	863,300,000.00	7.9242% p.a.

The net proceeds from the Series V and Series W commercial papers amounted to Php 1,283,968,726 and were used to fund the redemption of ACR's Commercial Papers Series S and Series T and to settle ACR's maturing short-term obligations in the 2nd quarter of 2023.

Third Tranche

On November 14, 2023, ACR received its Certificate of Permit to Offer Securities for Sale from the SEC for its Third Tranche of Commercial Papers amounting to Php 1.149 billion. The entire amount of the Third Tranche was issued and listed on the PDEX on November 29, 2023.

The Php 1.149 billion worth of CP issuance is broken down into two series:

Commercial Papers	Tenor	Amount (in Php)	Discount Rate
Series X Due May 29, 2024	182 Days	PHP 330,100,000	7.9054%
Series Y Due November 27, 2024	364 Days	PHP 818,900,000	8.6107%

Php 149.0 million of the Php 330.1 million Series X CPs represented the reissuance of the 182-day Series T Commercial Papers which matured on June 23, 2023.

The net proceeds from the Series X and Series Y commercial papers amounted to Php 1,082,439,027 and were used to fund the redemption of ACR's Commercial Papers Series U and Series V and to settle ACR's maturing short-term obligations in December 2023.

Summary of Previous Issuances

Presented below is the summary of the previous issuances under ACR's current Commercial Paper Program:

	Amount	Original Tenor	Note:
Series T	149,000,000.00	182	Re-issued as part of Series X
Series U	471,000,000.00	364	Cannot be re-issued
Series V	516,700,000.00	182	*To be re-issued as Series Z*
Series W	863,300,000.00	364	Cannot be re-issued
Series X	149,000,000.00	182	Represents the re-issuance of Series T
Series X	181,100,000.00	182	*Can still be re-issued for 182 days*
Series Y	818,900,000.00	364	Cannot be re-issued

II. Current Offer of ACR CP

For Series Z, the Company is offering up to Php 516.70 million as the Fourth Tranche of its Commercial Paper Program. The amount represents the re-issuance of its Commercial Paper Series V, which was originally issued for only 182 days, and can still therefore be re-issued for another 182 days.

A total of Php 3.0 billion out of its Php 3.0 billion CP program have already been issued, and upon full issuance of the current Commercial Paper Series Z, ACR may only re-issue the following, subject to the receipt of Permit to Sell from the SEC:

- Php 181.10 million worth of CPs, which was only issued for 182 days as part of ACR's Series-X, may still be re-issued for another 182 days.

Series X (182 days) amount:	Php 330.1 MM
Less: Re-issued amount (from Series T CPs)	(Php 149.0 MM)
Amount that can still be re-issued for 182 days	Php 181.1 MM

III. Terms of the Offer

The final terms of the Commercial Papers must be read in conjunction with the Terms and Conditions. In case of any inconsistencies between the Terms and Conditions and this Offer Circular, this Offer Circular shall prevail.

1. Issuer	:	Alsons Consolidated Resources, Inc.
2. CP Tranche & Series	:	Tranche: Fourth Tranche Series: CP Series Z – 182 days
3. Aggregate Principal Amount	:	CP Offer of up to Php 516.70 million
4. Discount Rate	:	The discount rate for Series Z is 7.4053%
5. Issue Price		Discount to face value The Discount Rate will be calculated on a true discount basis.
6. Indicative Timetable:		
(a) Target Offer Period	:	May 16 to May 20, 2024
(b) Target Issue Date	:	May 24, 2024
7. Net Proceeds	:	Approximately Php 494,706,620 (Please see Section IV for the detailed computation)
8. Use of Proceeds	:	To refinance maturing CP issuance amounting to Php 330,100,000.00. The remaining amount will be used to settle short-term loans obligations.

9. Form and Denomination	:	<p>The CPs shall be issued scripless form and will be maintained in electronic form with the Registrar to be appointed for the purpose.</p> <p>For primary issuance, Minimum of Pesos: Five Hundred Thousand (Php 500,000.00) face value and increments of Pesos: One Hundred Thousand (Php 100,000.00)</p> <p>For secondary trading, the minimum denomination is One Hundred Thousand Pesos (Php 100,000.00) face value and in multiples of Ten Thousand Pesos (Php 10,000.00) thereafter.</p>
10. (a) Maturity Date	:	Series Z: 182 days from Issue Date
(b) Maturity Value	:	100% face value
11. Early Redemption Option and Redemption Price	:	N/A
	:	The CPs will be paid in full (100% of the Face Value) on Maturity Date and are not subject to any rollover provision.
12. Listing	:	The Issuer intends to list Series Z CPs on the Philippine Dealing & Exchange Corp. on Issue Date
13. Method of Distribution	:	Public offer
14. Issue Manager, Lead Underwriter and Bookrunner	:	<p>RCBC Capital Corporation ("RCBC Capital")</p> <p>Underwriter Fee: 0.40% per annum on the aggregate face value of the CPs issued, which is inclusive of the underwriting and the selling agency fees, as applicable. The fee is consistent with the mandate letter signed by the Issuer and the Underwriter.</p>
15. Arranger	:	<p>MIB Capital Corporation</p> <p>Fee: Php 120,000 + VAT for every reissuance from the CP Program that would require a Permit to Sell Certification from the SEC.</p>
16. Facility Agent	:	AB Capital and Investment Corporation – Trust Department
17. Registrar and Paying Agent	:	Philippine Depository & Trust Corp.
18. Counsel to the Issuer	:	In-house

19. Counsel to the Underwriter and Transaction Counsel	:	Acuna Francisco & Mendoza Law
20. Issuer Rating	:	<p>The Issuer has a rating of PRS Aa minus corp. as assigned by Philratings on April 11, 2024.</p> <p>The rating reflects the following key considerations: (i) the start of full operations of the Mindanao-Visayas Interconnection Project (MVIP) and the commencement of the Wholesale Electricity Spot Market (WESM) and Retail Competition and Open Access (RCOA) in Mindanao; (ii) the Company's ability to establish joint ventures with strong partners for particular projects; (iii) its planned expansion projects which will further diversify its generation mix; (iv) the Company's continued recovery marked by its notable revenue growth and improved profitability; and (v) its satisfactory liquidity, supported by positive operating cash flows.</p>
21. Loan Covenants	:	<p>On November 23, 2020, ACR entered into a facility agreement with various noteholders with aggregate principal amount of Php 6,000 million divided into two (2) tranches: (a) Tranche A with principal amount of Php 5,215 million, subject to fixed interest rate of 5% and payable within five (5) years from the drawdown date, and (b) Tranche B with principal amount of Php 785 million, subject to fixed interest rate of 6% and payable semi-annually based on graduated rates of 0.5% of the principal in the first year, a total of 22.5% for years 2 to 6, and 77% on year 7, which is the year of the maturity date. Proceeds were used to prepay ACR's fixed rate corporate notes facility, partial financing of its investments in renewable energy projects, and for general corporate purposes. ACR had drawn the entire loan facility amounting to Php 6,000 million in 2020.</p> <p>ACR shall maintain certain financial ratios such as (a) debt-to-equity ratio of not more than 3.0x on the first and 2nd years, 2.75x on the 3rd year, 2.5x on the 4th year and 2.33x on the 5th year and until maturity, and (b) debt service coverage ratio of not less than 1.1x at all times during the duration of the notes facility. As of the date of this Offer Circular, ACR is in compliance with its loan covenants.</p> <p>Throughout the term of the loan, ACR is required to maintain a debt service reserve account with a balance of not less than the aggregate amount of</p>

		principal and interest falling due and payable under the agreement on the immediately succeeding repayment date. As of December 31, 2023 and December 31, 2022, the remaining balance of debt reserve account amounted to Php 500 million and Php 404 million, respectively. Interest income earned from debt reserve account amounted to Php 17.7 million, Php 5 million, and Php 5 million in 2023, 2022, and 2021, respectively.
22. Default	:	<p>There are no expected events that will trigger any direct or contingent financial obligations that are material to the Company, including any default or acceleration of an obligation.</p> <p>The CPs will be paid in full on the respective Maturity Dates and are not subject to any rollover provision. Non-payment of the CPs on maturity date will constitute an event of default which may also trigger cross-default provisions in the Issuer's other financial obligation.</p>
23. Taxation		<p>Taxation on the Discount: Interest paid on the CPs shall be subject to a 20% final withholding tax. A CP holder who is exempt from or is not subject to the aforesaid withholding tax shall be required to submit a tax exemption certificate and other applicable documents.</p> <p>Documentary Stamp Tax: The Tax Code imposes a documentary stamp tax on all debentures, certificates of indebtedness, due bills, bonds, loan agreements, deposit substitute debt instruments at the rate of P1.50 on every P200, or fractional part thereof, of the face value of such securities; Provided, that for such debt instruments with terms of less than one (1) year, the documentary stamp tax to be collected shall be of a proportional amount in accordance with the ratio of its term in number of days to three hundred sixty five (365) days. The Company has undertaken to pay the documentary stamp tax on the issuance of the CPs.</p>
24. Governing Law	:	Philippine law

IV. Gross and Net Proceeds Computation and Use of Proceeds

Presented in the table below are the expenses and fees that are expected to be deducted from the gross proceeds of the issuance.

Net Proceeds Computation

	Series Z
Face Value	516,700,000
Interest Discount (and WHT)	(18,646,095)
Gross Proceeds:	498,053,905
Less: Underwriting Fees:	(1,030,569)
Less: PDTC Fees:	(50,000)
Less PDEX Listing Application:	(100,000)
Less: Documentary Stamp Tax	(1,932,316)
Less: Facility Agent Fee	(100,000)
Less: Arranger Fee	(134,400)
Net Proceeds	494,706,620

Notes:

- (a) Underwriting Fee – based on the 0.4% fee per annum
- (b) PDTC Fees – estimated amount
- (c) PDEX Listing Application Fees – Fixed fee
- (d) Documentary Stamp Tax – computed based on the usual DST formula
- (e) Facility Agent Fee and Arranger Fees are based on expected fees for the issuance.
- (f) No issue management fee will be charged by the Issue Manager

Use of Proceeds

The Company plans to use the proceeds to refinance its maturing commercial papers with details below:

<u>Use of Proceeds</u>	Tenor	Date	Amount	Use of Proceeds*
Refinance Series X Due May 29, 2024	182 Days	May 29, 2024	PHP 330,100,000	To refinance maturing CPs and settle short-term loan obligations

**This column pertains to the Use of Proceeds for the issuance of ACR CP Series V*

The total amount that will be used to refinance ACR's maturing commercial papers is Php330.10 million. The remainder will be used to settle short-term obligations listed in the table below.

Funder	Value Date	Maturity Date*	Rate	Tenor (in days)	Maturity Value (in Php)
Philippine Commercial Capital Trust and Investment Group (PCCI)	12/04/2024	12/06/2024	7.25%	-61	25,000,000
PCCI	10/05/2024	08/08/2024	7.25%	-90	85,000,000
PCCI	14/03/2024	13/06/2024	7.25%	-91	54,606,620
Total					164,606,620

**If the CPs are not issued before these maturity dates, the following short-terms obligations will be rolled over for a few days.*

***represents partial amount of the total maturity value*

The above-mentioned short-term obligations were used by the Company to fund the projects of Siguil Hydro Power Corporation ("Siguil" or "SHPC") and Sindangan Zambo-River Power Corporation ("Siayan"), through its subsidiary, Alsons Renewable Energy Corporation ("AREC"). ACR owns 80.1% of AREC, and the remaining 19.9% interest is owned by ACIL Corporation. A portion of the short-term obligation was given to the projects as needed. The cash flows were directly issued to Siayan and Siguil and booked as cash advances from related party. The Company expects to receive the funds back from Siguil upon completion of all conditions precedent of the loan agreement with the Development Bank of the Philippines. The Company plans to finance the Siayan project through bank financing.

These short-term loans were infused as advances to Siayan and Siguil projects for development costs starting 2020 and 2019. Disbursement of funds was done on an "as needed" basis, which until now is being provided to these projects whenever needed, and until bank financing is obtained by these respective projects. As of today, the total amount infused to the projects is Php 2.55 billion for Siguil and Php 136.7 million for Siayan.

AREC, which was organized on September 18, 2014, is ACR's vehicle for developing renewable energy (RE) projects. AREC currently holds 100% equity interest in both Siguil Hydro Power Corporation and Sindangan Zambo-River Power Corporation. Siguil is the first renewable energy project of ACR, which will operate a 14.5MW run-of-river electricity generating facility located at the Siguil basin in Maasim, Sarangani. Siguil's total project cost is estimated at Php 5.0 billion. The construction phase of this project is in full swing and at present, the project is now 99% complete and the issuance of the COC is expected in the third quarter of 2024.

Siayan is a combined 8.81MW hydro power project and 29MWp solar power project located mainly in the Municipality of Siayan, Province of Zamboanga Del Norte and Municipality of Dumingag, Zamboanga del Norte, and is expected to augment power supply in the province of Zamboanga Del Norte once completed. Siayan's total project cost is estimated at Php 3.0 billion. Siayan is still under-development, and its construction is expected to commence in the 2nd half of 2024. Siayan is expected to begin its commercial operations in 2026. The lower project cost of Siayan is due to its design and shorter conveyance system.

The CP allocation below represents the Company's best estimate of the use of proceeds at this time. While the CP proceeds have not been deployed, the Company intends to invest the funds from the issuance in short-term marketable securities until the disbursement schedule is finalized.

In the event that the net proceeds are less than the expected amount, the Company shall prioritize the settling of its maturing CPs since the short-term obligations can be rolled over. Alternatively, the Company may rely on its bank lines and/or operating cash flows in the event that the proceeds raised from the CP issuance are less than anticipated.

If the net proceeds are greater than the expected amount, the Company intends to invest the excess funds in short-term marketable securities.

Summary of Use of Proceeds:

Purpose	Amount (in Php)	Percentage
Refinance ACR's Maturing CPs	330,100,000	67%
Settle Short-term obligations	164,606,620	33%
Total	494,706,620	100%

ACR's primary source of income are from the dividends declared by its operating subsidiaries. ACR and its subsidiaries follow a dividend policy where it can annually declare not less than 20.0% of its previous year's unappropriated retained earnings.

The Company's issuance of CP is also opportunistic. Access in the CP will depend on the interest environment during the time of issuance. The company shall inform the shareholders and obtain approval of the Commission before its implementation.

No portion of the proceeds will be used to acquire major assets or finance the acquisition of other business, nor will the proceeds be used to reimburse any officer, director, employee or shareholder for service rendered, assets previously transferred, and money loaned or advanced or otherwise. In addition, no portion of the proceeds will be used by the Company's subsidiaries.

The Issue Manager, Lead Underwriter and Bookrunner shall not receive any amount from the proceeds other than the underwriting fee.

The foregoing discussion represents the best estimate of the use of proceeds of the Offer based on the Company's current plans and anticipated expenditures. In the event that there is any change in the Company's disbursement plan, including force majeure, the Company will carefully evaluate the situation and may reallocate the proceeds and/or hold such funds on short term deposit whichever is better for the Company's and its shareholders' interest taken as whole. In such an event, the Company will issue an announcement if there is any material change in the above proposed use of proceeds.

In the event of any significant deviation, material adjustment or reallocation in the planned use of proceeds, the Company will secure the approval of its Board of Directors for such deviation, adjustment or reallocation and promptly make the appropriate disclosures to the SEC and the PDEX thirty (30) days prior to its implementation. Furthermore, in case there will be a deviation from the planned use of proceeds, the Company will pay off other maturing short-term obligations maturing in the 2nd quarter of 2024.

V. Updates to the Final Prospectus

Developments pertaining to the Company's material contracts are summarized, as follows:

Conal Holdings Corporation (CHC) and other Subsidiaries of the Company

Western Mindanao Power Corporation ("WMPC") has an existing 50MW Power Sales Agreement ("PSA") with Zamboanga City Electric Cooperative Inc. ("ZAMCELCO") which is currently under dispute resolution following the non-payment by the latter of invoices beginning 26 January 2023.

In addition, Mapalad Power Corporation ("MPC") on 31 May 2023 received an *Order* from the Energy Regulatory Commission ("ERC") directing MPC and Cagayan Electric Power and Light Company ("CEPALCO") to cease implementing their 30MW PSA effective after a grace period of thirty (30) days pursuant to the ruling of the Supreme Court in the case entitled *Alyansa Para sa Bagong Pilipinas, Inc. vs. Energy Regulatory Commission, et al.* The 30-day grace period/extension, as clarified by the

ERC through an advisory, means that the 30MW PSA is effective until June 30, 2023. While MPC and CEPALCO have complied with the ERC *Order*, both parties have availed themselves of remedies to challenge the same.

As part of the Company's initiatives to address these, WMPC and MPC both participated in the competitive selection process. The invitation to bid was published on 31 January 2023, for the supply of ancillary services to the National Grid Power Corporation of the Philippines ("NGPC"). NGCP subsequently awarded the Ancillary Services Procurement Agreement ("ASPA") to WMPC and MPC on 18 April 2023, both on a firm basis. The awarded ancillary services contracted capacity to WMPC consist of 30MW for dispatchable reserve, 15MVAR/20MW for reactive power support, and for black start service for the plant's certified capacity of 100MW. For MPC, it was awarded to provide ancillary services with contracted capacity of 40MW for dispatchable reserve.

On 22 August 2023, MPC received a copy of a *Notice of Resolution* dated 15 August 2023, issued by the ERC, granting provisional authority to NGCP and MPC for the implementation of the MPC ASPA. The MPC ASPA was implemented on November 26, 2023, based on the Notice of Resolution. MPC received the Provisional Authority on January 15, 2023, with an adjustment on the rate, allowing actual fuel cost pass-through. The final ASPA rate will be subject to ERC's final approval. The terms and conditions of the WMPC ASPA are still subject to formal confirmation by the ERC.

Below is the updated summary of the PSAs of the power plants:

Power Plant/Asset	Off-taker	Location	Contracted Capacity	No. of Years	Start Date	End Date
WMPC	Zamboanga City Electric Cooperative Inc. (ZAMCELCO)	Zamboanga	50MW	10	Dec. 13, 2015	Dec. 12, 2025
	Cagayan Electric Power and Light Company (CEPALCO)*	Cagayan	1MW	10	Dec. 13, 2015	Dec. 12, 2025
	National Grid Corporation of the Philippines (NGCP) – Non-firm Ancillary Services Procurement Agreement (ASPA)	GRID	up to 100MW (Dispatchable Reserve) 18 to 20MVAR/90MW (Reactive Power Support) Plant's available capacity (Black Start Service)	5	April 26, 2019	April 25, 2024
	NGCP Firm ASPA	GRID	30MW (Dispatchable Reserve);	5	TBC**	TBC**

Power Plant/Asset	Off-taker	Location	Contracted Capacity	No. of Years	Start Date	End Date
			15MVAR/20 MW (Reactive Power Support) 100MW plant's certified net capacity (Black Start Service)			
SEC 1	South Cotabato Electric Cooperative II (SOCOTECO 2)	General Santos	70MW	25	April 29, 2016	April 28, 2041
	Agusan del Norte Electric Cooperative (ANECO)	Agusan del Norte	10MW	25	April 29, 2016	April 28, 2041
	Agusan del Sur Electric Cooperative (ASELCO)	Agusan del Sur	10MW	25	April 29, 2016	April 28, 2041
	Davao Del Norte Electric Cooperative, Inc. (DANECO)	Davao del Norte	15MW	25	October 10, 2019	October 9, 2044
SEC 2	Cagayan Electric Power and Light Company, Inc. (CEPALCO)	Cagayan De Oro	20MW	25	October 10, 2019	October 9, 2044
	Cotabato Electric Cooperative Inc (COTELCO)	Cotabato City	10MW	25	October 10, 2019	October 9, 2044
	Davao del Sur Electric Cooperative (DASURECO)	Davao del Sur	15MW	25	October 10, 2019	October 9, 2044
	Iligan Light and Power Inc. (ILPI)	Iligan City	15MW	25	April 29, 2016	April 28, 2041
	South Cotabato I Electric Cooperative (SOCOTECO I)	South Cotabato	10MW	25	October 10, 2019	October 9, 2044

Power Plant/Asset	Off-taker	Location	Contracted Capacity	No. of Years	Start Date	End Date
	Zamboanga del Sur I Electric Cooperative Inc (ZAMSURECO I)	Zamboanga del Sur	5MW	25	October 10, 2019	October 9, 2044
	Zamboanga del Norte Electric Cooperative Inc. (ZANECO)	Zamboanga del Norte	5MW	25	October 10, 2019	October 9, 2044
SRPI	Zamboanga City Electric Cooperative Inc. (ZAMCELCO)	Zamboanga City	85MW	25	n/a	n/a
MPC*	NGCP Firm ASPA*	GRID*	40MW*	5*	November 26, 2023	November 25, 2028

* provisional

** for ERC's approval

VI. Amendment to the Plan of Distribution

The First Tranche of the CP Program was offered to the public by SB Capital Investment Corporation ("SB Capital"), with the following terms:

First Tranche: Php 620 million worth of CP

Series	Face Value (in PhP)	Tenor	Discount Rate
Series T	149,000,000.00	182 days	6.3328% p.a.
Series U	471,000,000.00	364 days	7.1265% p.a.

The second and third tranche of the CP Program was offered to the public by RCBC Capital Corporation ("RCBC Capital" or the "Issue Manager, Lead Underwriter and Bookrunner") with the following terms:

Series	Amount (in PhP)	Tenor	Discount Rate
Series V	PHP 516,700,000.00	182 Days	7.3593% p.a.
Series W	PHP 863,300,000.00	364 Days	7.9242% p.a.
Series X	PHP 330,100,000.00	182 Days	7.9054% p.a.
Series Y	PHP 818,900,000.00	364 Days	8.6107% p.a.

For the Fourth Tranche of the Company's Php 3,000,000,000 Commercial Paper Program, RCBC Capital has agreed to distribute and sell at the Issue Price the Series Z Commercial Papers on a firm basis, pursuant to an Underwriting Agreement with the Company dated May 14, 2024 (the "Underwriting Agreement").

The estimated underwriting fees amounting to Php 1,030,569 to be paid by the Company to the Issue Manager, Lead Underwriter and Bookrunner in relation to the Series Z Commercial Papers Offer shall be equivalent to 0.40% of the gross proceeds of the Series Z Commercial Papers Offer. This estimate

assumes that the issuance will be fully subscribed at the terms provided under Section III of this Offer Circular.

RCBC Capital acting as Issue Manager, Lead Underwriter and Bookrunner for the Series Z Commercial Papers is duly licensed by the SEC to engage in the underwriting or distribution of securities to the public including the Commercial Papers. The Issue Manager, Lead Underwriter and Bookrunner may, from time to time, engage in transactions with and perform services in the ordinary course of its business for the Company or any of its subsidiaries.

The Issue Manager, Lead Underwriter and Bookrunner has no direct or indirect relations with the Company in terms of ownership by either of their respective major shareholder/s and has no right to designate or nominate any member of the Board of Directors of the Company.

The Issue Manager, Lead Underwriter and Bookrunner has no contract or other arrangement with the Company by which it may return to the Company any unsold portion of the Series Z Commercial Papers.

For the purpose of complying with the commitments under the Underwriting Agreement, the Issue Manager, Lead Underwriter and Bookrunner may, under such terms and conditions not inconsistent with the provisions of the Underwriting Agreement, appoint selling agents for the sale and distribution to the public of the Offer CPs; provided, that the Issue Manager, Lead Underwriter and Bookrunner shall remain solely responsible to the Company in respect of their obligations under the Underwriting Agreement entered into by them with the Company, and except as otherwise provided in the Underwriting Agreement, the Company shall not be bound by any of the terms and conditions of any agreements entered into by the Issue Manager, Lead Underwriter and Bookrunner with the selling agents.

The Issue Manager, Lead Underwriter and Bookrunner has exercised reasonable due diligence required by applicable laws, rules, and regulations in ascertaining that all material representations contained in the Offer Circular dated May 14, 2024 in conjunction with the Final Prospectus, are true and correct in all material respects and that no material information was omitted, which was necessary in order to make the statements contained in said documents not misleading in any material respect.

Arranger

MIB CAPITAL CORPORATION (formerly Multinational Investment Bancorporation) was established in March 1972 and presently provides services such as capital raising and loan syndication/structuring, as well as fair market valuation of shares and companies.

MIB Capital is a pioneering and innovative financial institution:

- Conceived to develop and institutionalize the concept of Total Banking which makes available a wide array of financial, investment, advisory and related services to the broadest spectrum of selected clients;
- Structured as a Corporate Partnership where its officer-partners pledge their personal assets to the institution to manifest their total commitment against conflicts of interest involving their professional acts; and
- Organized under the philosophy of Self-Reliance, requiring dependence only on internal resources and productivity for the institution's growth and perpetuity.

MIB Capital Corporation, as the Arranger, will assist the company in determining the terms and conditions on which the Offering will be marketed, updating the prospectus or other disclosure documents as will be required for regulatory purposes and completion of all activities leading to a successful financial close and smooth implementation of the Offering. Lastly, MIB Capital will perform such other services as may be mutually agreed between the Company and the Arranger.

Issue Manager, Lead Underwriter and Bookrunner

RCBC Capital is a licensed investment house providing a complete range of capital raising and financial advisory services. Established in 1974, RCBC Capital has over 50 years of experience in the underwriting of equity, quasi-equity and debt securities, as well as in managing and arranging the syndication of loans, and in financial advisory. RCBC Capital is a wholly owned subsidiary of the Rizal Commercial Banking Corporation and a part of YGC, one of the country's largest fully integrated financial services conglomerates.

As the Issue Manager for the Offer, RCBC Capital agreed to perform services which include conducting of due diligence on the Company and evaluating the marketability of the Offering. They will also assist in the review of the prospectus and other required documents. In addition, RCBC Capital will coordinate the activities of all third parties appointed for the Offer and such other services as may be mutually agreed between ACR and RCBC Capital.

In addition to its appointment as Issue Manager, RCBC Capital is acting as the Lead Underwriter and Bookrunner for the Series Z Commercial Papers. RCBC Capital as Lead Underwriter and Bookrunner will undertake to distribute and sell the Series Z Commercial Papers on a firm basis as discussed in the preceding paragraphs. The Lead Underwriter and Bookrunner will handle the (i) bookbuilding process which includes marketing of the CPs to potential investors, (ii) allocation of the CPs to its investors, and (iii) receiving of the application form and other required documents for submission to the Registrar and Paying Agent, Philippine Depository and Trust Corp.

Facility Agent

AB CAPITAL AND INVESTMENT CORPORATION (through its Trust and Investments Division) was appointed as the Facility Agent for ACR's Commercial Paper program. The main functions of the Facility Agent are as follows:

- Coordinate with the Issuer, Underwriter, and Registrar and Paying Agent for the purpose of performing its responsibilities set forth in the Facility Agency Agreement;
- Monitor and/or confirm, as applicable, compliance by the Underwriter and Registrar and Paying Agent, with their respective functions and responsibilities;
- Report promptly and regularly to the CP Holders any breach of representations and warranties by the Issuer, and any occurrence of an Event of Default as defined in the terms and condition of the Offer and disclosed in the Prospectus, including, without limit, any default by the Issuer of its obligations of which the Facility Agent may have written notice from the Issuer and that the CP Holders or their duly authorized representatives may obtain a report regarding the CPs at the principal office of the Facility Agent upon presentation of sufficient and acceptable identification;
- Act on behalf of the CP Holders in calling for and/or attending meetings of the CP Holders
- Receive and safely keep the duly executed original of the Master Note; and
- Provide a copy of the Facility Agency Agreement for inspection at its specified office by the CP Holders upon their request

VII. Summary of Consolidated Financial Condition

The selected financial information set forth in the following table has been derived from the Company's latest audited financial statements as of December 31, 2023. This should be read in conjunction with the Company's consolidated financial statements including the notes thereto, the auditors' reports, and other financial information included in the Prospectus dated December 13, 2022.

The summary financial information set out below does not purport to project the results of operations or financial condition of the Company for any future period or date.

Consolidated Financial Statements

<i>In Philippine Pesos (Php)</i>		
December 31		
Income Statement Data:	2023 <i>(Audited)</i>	2022 <i>(Audited)</i>
Revenues.....	12,422,746,980	11,989,232,129
Expenses.....	(8,680,593,547)	(8,622,293,441)
Income Before Tax.....	2,566,586,317	2,220,298,054
Net Income.....	2,285,065,755	1,875,143,832
	As of December 31, 2023 <i>(Audited)</i>	As of December 31, 2022 <i>(Audited)</i>
Balance Sheet Data:		
Current Assets.....	10,589,410,061	11,263,643,223
Noncurrent Assets.....	37,360,471,963	36,532,844,569
Total Assets.....	47,949,882,024	47,796,487,792
Current Liabilities.....	11,409,984,257	9,788,665,837
Noncurrent Liabilities.....	16,906,934,935	19,098,571,428
Total Liabilities.....	28,316,919,192	28,887,237,265
Stockholders' Equity.....	19,632,962,832	18,909,250,527
Book Value per share.....	2.07	1.99

Key Performance Indicators (KPI)

The KPIs of ACR are as follows:

The KPIs of ACR are as follows:

Financial KPI	Definition	December 31	
		2023	2022
Profitability			
EBITDA Margin	EBITDA/ Net Sales	44%	44%
Return on Equity	Net Income/ Total Average Stockholders' Equity	12%	10%
Efficiency			
Operating Expense Ratio	Operating Expenses / Gross Operating Income	20%	19%
Interest Rate Coverage Ratio	Earnings Before Interest, Taxes / Interest Expense	2.60: 1	2.30: 1

Asset-to-equity Ratio	Total Assets/ Total Equity	2.48: 1	2.53: 1
Debt to Equity Ratio	Total Liabilities/ Total Equity	1.44: 1	1.53: 1
Current Ratio	Current Assets / Current Liabilities	0.93: 1	1.15: 1

Profitability

The Company's earnings before interest, taxes, depreciation, and amortization ("EBITDA") increased to Php 5,494 million from Php 5,289 million in 2022. This improvement can be attributed to the enhancement performance of the operating power plants, resulting in an EBITDA margin of 44% in both 2023 and 2022.

The return on equity has increased to 12% from the previous year's 10%, and the net income attributable to the equity holders of the parent has improved to Php 641 million from last year's Php 617 million. ACR's strong financial performance in 2023 is attributed to the rising power demand in Mindanao.

Efficiency

The Company's operating expense ratio has risen to 20% from last year's 19%. Despite this increase, the operating power plants have maintained their performance and met the growing power demand, thus enhancing their operational efficiency throughout the year.

Leverage and Liquidity

The continued settlement of Sarangani's project loan, partly offset by the drawdown of the Siguil Hydro Project and the availment of short-term debts by the Parent Company, led to a decrease in the debt-to-equity ratio from 1.53:1 to 1.44:1 this year. This reduction reflects the Company's proactive approach in managing its financial obligations and optimizing its capital structure. Additionally, it indicates a healthier balance between debt and equity, which enhances the Company's financial stability and flexibility moving forward.

Management's Discussion and Analysis of Results of Operations and Financial ConditionFinancial Statements with Horizontal AnalysisBalance Sheet:

<u>Horizontal Analysis</u>	<u>December 31, 2023</u> <u>(Audited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>	<u>Variance</u>
ASSETS	-	-	-
Current Assets	-	-	-
Cash and cash equivalents	2,429,127,715	2,796,280,747	-13%
Short-term cash investments	122,505,384	123,724,552	-1%
Trade and other receivables	5,572,156,388	5,986,468,079	-7%
Inventories - at cost	994,647,943	1,037,141,653	-4%
Real estate inventories	620,526,273	622,840,466	0%
Prepaid expenses and other current assets	850,446,358	697,187,726	22%
Total Current Assets	10,589,410,061	11,263,643,223	
Noncurrent Assets			

Noncurrent portion of installment receivables	3,323,416	3,323,416	0%
Contract asset	1,594,771,934	1,684,163,954	-5%
Investments in real estate	243,515,741	410,914,921	-41%
Investments in associates	2,303,296,078	2,305,803,186	0%
Advances to contractors	531,888,078	456,601,567	16%
Property, plant and equipment	28,517,240,059	27,741,914,110	3%
Equity instruments designated at fair value through other comprehensive income (FVTOCI)	2,353,235,905	2,355,339,743	0%
Goodwill	527,187,320	527,187,320	0%
Net retirement assets	21,287,028	22,385,884	-5%
Deferred income tax assets - net	27,665,540	23,985,449	15%
Other noncurrent assets	1,237,060,864	1,001,225,019	24%
Total Noncurrent Assets	37,540,702,916	36,532,844,569	
TOTAL ASSETS	47,949,882,024	47,796,487,792	
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and other current liabilities	2,885,476,634	2,580,667,584	12%
Loans payable	3,775,297,128	3,194,099,417	18%
Short-term notes payable	1,895,578,640	1,576,622,383	20%
Income tax payable	94,108,058	69,658,316	35%
Current portion of long-term debt	2,759,523,797	2,367,618,137	17%
Total Current Liabilities	11,409,984,257	9,788,665,837	
Noncurrent Liabilities			
Long-term debt - net of current portion	15,423,495,446	17,687,397,843	-13%
Deferred income tax liabilities - net	612,776,418	633,199,351	-3%
Net retirement benefits liabilities	92,387,366	69,819,334	32%
Lease liability	7,224,542	18,036,134	-60%
Deferred credit	295,026,290	295,026,290	0%
Decommissioning liability	476,024,873	395,026,476	21%
Total Noncurrent Liabilities	16,906,934,935	19,098,571,428	
Total Liabilities	28,316,919,192	28,887,237,265	
Equity			
Capital stock	6,346,500,000	6,346,500,000	0%
Other equity reserves	2,542,106,409	2,560,906,702	-1%
Retained earnings:			
Unappropriated	3,029,496,824	2,518,585,684	
Appropriated	1,100,000,000	1,100,000,000	
Attributable to equity holders of the parent	13,018,103,233	12,525,992,386	
Non-controlling interests	6,614,859,599	6,383,258,141	
Total Equity	19,632,962,832	18,909,250,527	
TOTAL LIABILITIES AND EQUITY	47,949,882,024	47,796,487,792	

Income Statement:

Horizontal Analysis	<u>December 31, 2023</u> <u>(Audited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>	<i>Variance</i>
REVENUE	12,422,746,980	11,989,232,129	4%
INCOME (EXPENSES)			
Cost of goods and services	-7,972,365,266	-7,774,345,725	3%
General and administrative expenses	-708,228,281	-847,947,716	-16%
Finance income (charges)- net	-1,655,132,725	-1,650,401,744	0%
Other income – net	479,565,609	503,760,110	-5%
	-9,856,160,663	-9,768,935,075	1%
INCOME BEFORE INCOME TAX	2,566,586,317	2,220,298,054	16%
PROVISION FOR (BENEFIT FROM) INCOME TAX			
Current	283,627,340	326,898,946	-13%
Deferred	-2,106,778	18,255,276	-112%
	281,520,562	345,145,222	-18%
NET INCOME	2,285,065,755	1,875,143,832	22%

Financial Statements with Vertical AnalysisBalance Sheet:

<u>Vertical Analysis</u>	<u>December 31, 2023</u> <u>(Audited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
ASSETS	-	-
Current Assets	-	-
Cash and cash equivalents	5%	6%
Short-term cash investments	0%	0%
Trade and other receivables	12%	13%
Inventories - at cost	2%	2%
Real estate inventories	1%	1%
Prepaid expenses and other current assets	2%	1%
Total Current Assets	22%	24%
Noncurrent Assets	0%	0%
Noncurrent portion of installment receivables	0%	0%
Contract asset	3%	4%
Investments in real estate	1%	1%
Investments in associates	5%	5%

Advances to contractors	1%	1%
Property, plant and equipment	59%	58%
Equity instruments designated at fair value through other comprehensive income (FVTOCI)	5%	5%
Goodwill	1%	1%
Net retirement assets	0%	0%
Deferred income tax assets - net	0%	0%
Other noncurrent assets	3%	2%
Total Noncurrent Assets	78%	76%
TOTAL ASSETS	100%	100%
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	6%	5%
Loans payable	8%	7%
Short-term notes payable	4%	3%
Income tax payable	0%	0%
Current portion of long-term debt	6%	5%
Total Current Liabilities	24%	20%
Noncurrent Liabilities		
Long-term debt - net of current portion	32%	37%
Deferred income tax liabilities - net	1%	1%
Net retirement benefits liabilities	0%	0%
Lease liability	0%	0%
Deferred credit	1%	1%
Decommissioning liability	1%	1%
Total Noncurrent Liabilities	35%	40%
Total Liabilities	59%	60%
Equity		
Capital stock	13%	13%
Other equity reserves	5%	5%
Retained earnings:	0%	0%
Unappropriated	6%	5%
Appropriated	2%	2%
Attributable to equity holders of the parent	27%	26%
Non-controlling interests	14%	13%
Total Equity	41%	40%
TOTAL LIABILITIES AND EQUITY	100%	100%

Income Statement:

Vertical Analysis	<u>December 31, 2023</u> <u>(Audited)</u>	<u>December 31, 2022</u> <u>(Audited)</u>
REVENUE	<i>100%</i>	<i>100%</i>
INCOME (EXPENSES)		

Cost of goods and services	64.2%	64.8%
General and administrative expenses	5.7%	7.1%
Finance income (charges)- net	13.3%	13.8%
Other income – net	3.9%	4.2%
	79.3%	81.5%
INCOME BEFORE INCOME TAX	20.7%	18.5%
PROVISION FOR (BENEFIT FROM) INCOME TAX		
Current	2.3%	2.7%
Deferred	0.0%	0.2%
	2.3%	2.9%
NET INCOME	18.4%	15.6%

Results of Operations

ACR and its subsidiaries experienced a significant increase in consolidated revenues during the year, reaching Php12,423 million, up from the Php11,989 million reported in the previous year. This increase was primarily attributed to improved operations in our power companies and an increase in energy dispatch throughout the year.

The cost of services rose by 3% to Php7,970 million from Php7,765 million in 2022, primarily due to the increased fuel costs resulting from higher dispatch levels.

General and administrative expenses decreased from Php848 million in 2022 to Php708 million this year. This decline was primarily attributable to the recognition of a Php165 million impairment loss in 2022 and the reversal of the provision for expected credit loss in 2023. The reversal of the credit loss during the year resulted from the full collection of SPPC's receivable from NPC. As a result, operating profit significantly increased to Php3,742 million from last year's Php3,367 million.

The Company continues to achieve robust earnings before interest, taxes, depreciation, and amortization (EBITDA), reaching Php5,491 million in 2023, surpassing last year's figure of Php5,289 million. This results in a healthy EBITDA margin of 44% for both the current and previous years.

Finance charges increased slightly to Php1,655 million from last year's Php1,650 million. The settlement of maturing loans in Sarangani during the year was partly offset by the availment of short-term loans from the Parent Company, which were used for the Siguil Hydro Project. On the other hand, interest income significantly increased from an income of Php25 million earned in 2022 to Php87 million this year. This increase was primarily due to higher interest rates on placements throughout the year.

Equity in net earnings derived from the Company's share in Aviana Development Corp. decreased in 2023 to Php22 million from Php55 million in the previous year, primarily due to Aviana's lower sales performance.

The Company's other income of Php370 million is consistent with last year's Php424 million. This year's other income includes the gain recognized on the collection of SPPC's DG6, pertaining to the collection of its receivable from NPC. Conversely, the other income recognized in 2022 pertains to the lot leased by KAIEDC to Panhua, which was accounted for under a finance lease. This gain was partly offset by the recognition of an impairment loss of goodwill during that year.

As a consequence of the aforementioned factors, the consolidated net income achieved a higher result of Php2,285 million, marking a 22% improvement over last year's Php1,875 million. The income attributable to the Parent Company also improved to Php641 million from last year's Php617 million, resulting in an earnings per share of Php0.101, compared to Php0.097 last year.

REVIEW OF FINANCIAL POSITION

As of December 31, 2023, the total resources of ACR and its subsidiaries remained robust at Php47,950 million, nearly unchanged from the level reported in 2022.

Current assets remain stable at Php10,589 million this year. The decrease in inventories due to lower coal costs was partly offset by the increase in prepaid expenses and other current assets resulting from a higher balance of debt reserve accounts.

Noncurrent assets increased to Php37,360 million. The depreciation expense recognized during the year, amounting to Php1,356 million, was offset by the costs incurred for the construction of the Siguil Hydro Power Plant, which is currently nearing completion.

Current liabilities increased by 17% from Php9,788 million to Php11,410 million, primarily due to the utilization of short-term loans payable by the Parent Company, mostly allocated for the construction of the Siguil Power Plant. Noncurrent liabilities, on the other hand, decreased by 11% due to the amortization of maturing long-term debt and the reclassification of a loan to the current portion, partially offset by the drawdown of the project loan for Siguil Hydro Power Corporation.

Equity increased by 4% from Php18,909 million to Php19,633 million, primarily attributed to the income earned during the year.

ACR reported a current ratio of 0.93:1 in 2023, which decreased from 1.15:1 in 2022, primarily due to the increased current liabilities resulting from the rise in loans payable.

The net cash inflows from operating activities saw a significant improvement, rising from Php4,429 million to Php6,370 million, maintaining stability and serving as the primary source for fulfilling maturing obligations and trade payables. Additionally, there was a notable increase in net cash used for investing activities, which surged from Php1,973 million to Php2,297 million this year, primarily due to the additional project costs incurred for the construction of the Siguil Hydro Power plant. Meanwhile, net cash used from financing activities amounted to Php4,443 million, marking a 76% increase from last year's Php2,527 million, largely attributed to the higher settlement of loans, long-term debt, and dividends during the year. Consequently, the net cash balance, after considering the aforementioned changes, reached Php2,429 million, slightly lower than the Php2,796 million reported in the previous year.

Material changes in Consolidated Balance Sheet Accounts by 5% or More (December 21, 2023 vs. December 31, 2022)

1. Cash and cash equivalents, 13% Decrease

The decrease in cash and cash equivalents was due to the payment of dividends before the end of the year, as well as project costs for the Siguil Hydro Power Corporation EPC contractor. This utilization of funds underscores the Company's commitment to rewarding shareholders while simultaneously investing in strategic projects to bolster its operations and future growth prospects.

2. Trade and other receivables, 7% Decrease

The decrease was due to the timing of collection of trade receivables during the year. In previous years, the Company provided financial relief to certain electric cooperatives and distribution utilities in response to the effects of the COVID-19 pandemic. These relief measures included restructuring existing receivables and extending payment terms.

3. Prepaid Expenses, 22% Increase

The increase in this account during the year was attributed to the additional deposit for the debt reserve account of the Parent Company, as well as the input tax generated by Siguil Power Corp for its plant construction

4. Contract assets, 5% Decrease

The decrease was attributed to the revenue adjustment of Sarangani, resulting from the straight-line amortization of its Capital Recovery Fee over the useful life of its plant.

5. Investment in Real Estate, 41%, Decrease

The additional lots acquired by KAIEDC for the expansion of the covered area of the Ecozone Industrial Estate in 2022 were acquired by a locator as additional space for its plant currently under construction. A similar arrangement was made in the previous year, wherein a long-term lease covering a period of 50 years, extendable for another 50 years at no additional cost, was agreed upon by the lessee. This arrangement is accounted for under finance lease. Consequently, the related real estate asset was derecognized by the Company, and the full settlement of the locator's lease payments was included as part of the income during the year.

6. Advances to Contractors, 16% Increase

The increase in this account was caused by the additional advances made during the year by Siguil Hydro Power Corp. to its EPC Contractor, Sta. Clara International.

7. Net retirement benefit assets, 5% Decrease

The decrease was due to benefits paid during the year, resulting in a reduction of the value of assets in a defined benefit obligation compared to the present value of the liabilities, as determined by an independent actuary.

8. Deferred income tax assets, 15% Increase

The increase primarily stemmed from the deferred tax effect resulting from the recognition of additional net loss carryovers during the year. This reflects the Company's utilization of tax benefits to offset current and future taxable income, thereby optimizing its tax position and enhancing overall financial performance.

9. Other noncurrent assets, 24% Increase

The increase was primarily driven by the additional project related expenditures for Sindangan and Bago and additional input VAT on importation for Siguil Power Corp.

10. Accounts payable and other current liabilities, 12% Increase

The rise was mainly attributable to the increased balances of trade payables and accrued expenses, partially offset by the payment of Sarangani's dividends payable during the year.

11. Loans payable, 18% increase; Short-term notes payable, 20% Increase

The increase in loans payable and short-term notes payable was primarily due to additional loans obtained during the year to finance the construction of the Siguil Hydro Power Plant Project. This expansion of financial liabilities underscores the Company's strategic investment in meeting the growing energy demands in the areas where our Company operates.

12. Income tax payable, 35% Increase

The increase stemmed from higher taxable income earned during the year by Sarangani Energy Corporation and Southern Philippines Power Corporation, mainly from the collection of receivables from NPC for its GD6 engine.

13. Lease liability, 60% Decrease

The decrease was primarily due to the lower lease commitments recognized during the year. This reduction in lease commitments reflects the Company's prudent management of its financial obligations and its adaptability to changing market conditions.

14. Current portion of long-term debt, 17% Increase
Long-term debts – net of current portion, 13% Decrease

The increase in the current portion of long-term debt stemmed from the recognition of maturing principal payments for the next twelve months. Conversely, the reduction in the noncurrent portion was partially offset by the additional project loan obtained by Siguil Power Corp. This adjustment reflects the Company's proactive approach to managing its debt obligations while strategically investing in new projects for future growth.

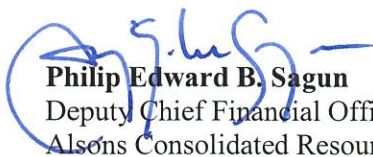
15. Net retirement benefits liabilities, 32 Increase

The net retirement benefits increased by 32%, primarily due to the provisioning of past service costs for employees, as recommended by an independent actuary. This adjustment underscores the company's commitment to meeting its current obligations to its employees.

16. Decommissioning liabilities, 20% Increase

The increase is attributed to a change in the estimate of the cost for dismantling the steam turbine and generator of Sarangani Energy Corporation, in compliance with accounting standards. This adjustment reflects the Company's commitment to adhering to accounting guidelines and ensuring fair financial reporting.

Noted By:


Philip Edward B. Sagun
 Deputy Chief Financial Officer
 Alsons Consolidated Resources, Inc.