COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS201010780

Company Name

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.

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

ROOM 6A PHILEXCEL BUSINESS CENTER 1, PHILEXCEL BUSINESS PARK, M. ROXAS HIGHWAY, CLARK FREEPORT ZONE

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

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
calbao@crec.com.ph	0247-08998	N/A

No. of Stockholders	Annual Meeting Month/Day	Fiscal Year Month/Day
7 (seven)	June 26	December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Cecille Albao	calbao@crec.com.ph	0247-08998	

Contact Person's Address

Note 1: In case of death, resgination or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
(A Wholly-owned Subsidiary of Citicore Renewable Energy Corporation)

FINANCIAL STATEMENTS
December 31, 2018
(With Comparative Figures for 2017)

EPRRI

ENFINITY PHILIPPINES RENEWABLE

RESOURCES, INCORPORATED

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

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

In preparing the 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 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 financial statements including the schedules attached therein, and submits the same to the stockholders or members.

Maceda Valencia and Co., the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

OLIVER Y. TAN
President

MANUEL LOUIE B. FERRER
Treasurer

LEO R. ROSALES
AVP – Comptroller

Signed this 28th day of JUNE 2019

JMR Accounting Office
Audit, Accounting, Compliance, Advisory

Your Success, is Our Business....

CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS

I hereby certify that I am the Certified Public Accountant (CPA) who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards for **ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.** for the period ending **December 31, 2018**.

These financial statements and the accuracy and completeness of the information used to compile them are the management's responsibility. Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information provided to me to compile.

In discharging this responsibility, I hereby declare that:

I am the compiler of **ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.** and was contracted to perform this service.

Furthermore, in my compilation services for the preparation of the Financial Statements and Notes to Financial Statements, I was not assisted by or did not avail of the services of **Maceda Valencia & Co.**, the external auditor who rendered the audit opinion for the said Financial Statements and Notes to Financial Statements.

I hereby declare, under penalties of perjury and violation of Republic Act No. 9298, that my statements are true and correct.

Joel M. Raz
Certified Public Accountant
CPA Cert. No 101243
TIN 920-538-875-000
BOA Accreditation No. 2441 valid from 09-18-2017 to 01-31-2020
BIR Accreditation No. AN: 09-005978-001-2017 valid from 12-28-2017 to 12-27-2020
PTR No. 5323192, Issued on 1-04-2019 at Lipa

RECEIVED
AUG 0 9 2019
ROWEL C. ALAMAN
Administrative Section

2nd Flr. K-Pointe Arcade, T.M. Kalaw St., Lipa City
e-mail: joelrazcpa23@gmail.com
Tel. No. 043 740 6205
Mobile Nos. 0917 829 7929/09088113176

BOARD OF INVESTMENTS
PHILIPPINES

DEPARTMENT OF TRADE & INDUSTRY PHILIPPINES

Masterlist Item No. 2800 p. 100

CE No. 2019 - 000362

CERTIFICATE OF INCOME TAX HOLIDAY ENTITLEMENT

For Taxable Year 2018

This is to certify that **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC.** is registered with the Board of Investments and entitled to Income Tax Holiday (ITH) provided under Section 15(a) of Republic Act No. 9513, otherwise known as Renewable Energy Act of 2008, as follows:

Registration No./Date	2015-222 / 16 October 2015
Tax Identification No. (TIN)	007-813-849-000
Registered Activity	Renewable Energy Developer of Solar Energy Resources (Clark Solar Power Project)
Registered Capacity	24.55 MWp
Start of Commercial Operations (per STC)	February 2016
Actual Start of Commercial Operation (per DOE Certification)	12 March 2016
ITH Entitlement Period	Seven (7) years from 12 March 2016 to 11 March 2023

This Certificate is issued pursuant to *Revenue Memorandum Circular No. 14-2012* dated 4 April 2012, requiring the submission of the certificate ITH entitlement within thirty (30) days from filing of the Income Tax Return as a requirement for the enjoyment of the ITH incentive.

This Certificate is valid for taxable year 2018.

Issued this 1st day of March 2019 at Makati City.

ATTY. ELYJEAN DC PORTOZA
OIC, Director
Legal and Compliance Service

Copy furnished:
Bureau of Internal Revenue
BOI-Incentives Administration Service

RDB / LAO

Department of Trade and Industry
327809
03/05/19

BUREAU OF INTERNAL REVENUE
RDO 21A North Pampanga
RECEIVED
AUG 0 9 2019
ROYAL C. ALAYAN
Administrative Section

Accountable Form No. 51
Revised September, 2018

ORIGINAL

OFFICIAL RECEIPT
Republic of the Philippines

boi PHILIPPINES BOARD OF INVESTMENTS

BOARD OF INVESTMENTS
385 Sen Gil J. Puyat Avenue, Makati City 1200, Philippines
TIN 000 - 664 - 080 Tel. 897-6682

DATE	NO.
2/28/2019	161336

PAYOR
INFINITY PHILIPPINES RENEWABLE RESOURCES, INC.

boi BOARD OF INVESTMENTS PHILIPPINES

NATURE OF COLLECTION	ACCOUNT CODE	AMOUNT
CERTIFICATE OF ITH ENTITLEMENT		1,500.00
TOTAL		*1,500.00*

AMOUNT IN WORDS
One Thousand Five Hundred and 00/100 only

Received
- [x] Cash
- [ ] Treasury Warrant
- [ ] Check
- [ ] Money Order

Received the Amount Stated Above.

NENETTE A. HENLEY
Collecting Officer

Treasury Warrant, Check, Money Order Number

Date of Treasury Warrant, Check Money Order

Note: Write the number and date of this receipt on the back of treasury warrant,check or money order received

Application No.: ____________
Date Filed: ____________
Time Filed: ____________

PHILIPPINES
ESTMENTS

E OF ITH ENTITLEMENT
T BETWEEN BOI AND BIR

EWABLE RESOURCES, INC.

ER OF SOLAR ENERGY RESOURCES

. BUSINESS CENTER I, PHILEXCEL BUSINESS
02-8058408
XTENSION, CLARK FREEPORT ZONE

BOARD OF INVESTMENTS LEGAL & COMPLIANCE SERVICE
RECEIVED
BY:
DATE: 28 FEB 2019

OUNT
0.00
5,041,723

(02) 470-0990
Contact Details of Representative

MARIE ARCIE M. SERCADO / CORPORATE SECRETARY
Authorized Representative/Position

BUREAU OF INTERNAL REVENUE RDO 21A North Pampanga
RECEIVED
AUG 0 9 2019
ROWEL C. ALAYAN
Administrative Section

Payment: ____________
Amount: ____________
Official Receipt No.: ____________
Date: ____________

Pick-up Date: ____________
Time: ____________
Attending SMD Staff ____________

- [ ] For Official Acceptance

Deferred Acceptance Due To:
- [ ] Tree Planting
- [ ] Increase Paid-up Equity (D/E ratio compliance (T/C#_____)
- [ ] Unsubmitted Reports
- [ ] Unpaid Penalty

Note: Always file in duplicate
1 copy for Company File
1 copy for SMD File

Application No.: ________
Date Filed: ________
Time Filed: ________

REPUBLIC OF THE PHILIPPINES
BOARD OF INVESTMENTS

REQUEST FOR CERTIFICATE OF ITH ENTITLEMENT
MEMORANDUM OF AGREEMENT BETWEEN BOI AND BIR

REGISTERED ENTERPRISE: ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC.

CERTIFICATE OF REGISTRATION NO.: 2015-222

DATE REGISTERED: OCTOBER 16, 2015

REGISTERED ACTIVITY: RENEWABLE ENERGY DEVELOPER OF SOLAR ENERGY RESOURCES (Clark Solar Power Plant)

TAX IDENTIFICATION NO: 007-813-849-000

OFFICE ADDRESS/TELEPHONE NO: ROOM GA PHILEXCEL BUSINESS CENTER I, PHILEXCEL BUSINESS PARK, M.A. ROXAS HIGHWAY, CLARK FREEPORT ZONE / 02-8058408

PLANT LOCATION/TELEPHONE NO.: PRINCE BALAGTAS EXTENSION, CLARK FREEPORT ZONE

STATUS: ☐ PIONEER ☒ NON-PIONEER

START OF COMMERCIAL OPERATION: MARCH 12, 2016

ITH AVAILED:

YEAR	AMOUNT
2016	P0.00
2017	P5,041,723

BOARD OF INVESTMENTS
LEGAL & COMPLIANCE SERVICE
RECEIVED
BY:
DATE: 28 FEB 2019

Taxable year where ITH will be applied 2018.

(02) 470-8998
Contact Details of Representative

MARIE ARCIE M. SERCADO / CORPORATE SECRETARY
Authorized Representative/Position

BUREAU OF INTERNAL REVENUE
RDO 21A North Pampanga
RECEIVED
AUG 09 2019
ROWEL C. ALAYAN
Administrative Section

Payment: ________
Amount: ________
Official Receipt No.: ________
Date: ________

Pick-up Date: ________
Time: ________
Attending SMD Staff: ________

☐ For Official Acceptance

Deferred Acceptance Due To:
☐ Tree Planting
☐ Increase Paid-up Equity (D/E ratio compliance (T/C#_____)
☐ Unsubmitted Reports
☐ Unpaid Penalty

MVCo
Maceda Valencia & Co
Certified Public Accountants and Management Consultants

5/F Don Jacinto Bldg.,
Dela Rosa cor. Salcedo Sts.,
Legaspi Village, Makati City
Philippines
Telephone: +63 (2) 403 7228 to 30
Fax: +63 (2) 403 7306

MVCo@MVCo.com.ph
www.MVCo.com.ph
www.nexia.com

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
SECURITIES AND EXCHANGE COMMISSION**

The Shareholders and Board of Directors
Enfinity Philippines Renewable Resources Inc.
Room 6A, Philexcel Business Center 1
Philexcel Business Park, M. Roxas Highway
Clark Freeport Zone

We have audited the financial statements of Enfinity Philippines Renewable Resources Inc. as at and for the year ended December 31, 2018, on which we have rendered our report dated June 28, 2019.

In compliance with the Securities Regulation Code Rule 68, As Amended, and based on the certification received from the Company's corporate secretary and the results of our work done, as at December 31, 2018, we are stating that the Company has two (2) shareholders owning one hundred (100) or more shares.

MACEDA VALENCIA & CO.

JOSE T. VALENCIA
Partner
CPA License No. 32659
PTR No. 7394089
Issued on January 31, 2019 at Makati City
SEC Accreditation No. (individual) as general auditor 1535-AR-1 Category A,
Effective until January 30, 2022
SEC Accreditation No. (firm) as general auditors 0196-FR-2;
Effective until March 29, 2020
TIN 119-894-676
BIR Accreditation No. 08-001987-008-2018
Issued on April 6, 2018; effective until April 5, 2021
BOA/PRC Reg. No. 4748, effective until June 26, 2021

June 28, 2019
Makati City

BUREAU OF INTERNAL REVENUE
RDO 21A North Pampanga
RECEIVED
AUG 09 2019
ROWEL C. ALAYAN
Administrative Section

MVCo
Maceda Valencia & Co
Certified Public Accountants and Management Consultants

5/F Don Jacinto Bldg.,
Dela Rosa cor. Salcedo Sts.,
Legaspi Village, Makati City
Philippines
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Fax: +63 (2) 403 7306

MVCo@MVCo.com.ph
www.MVCo.com.ph
www.nexia.com

REPORT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
Enfinity Philippines Renewable Resources Inc.
Room 6A, Philexcel Business Center 1
Philexcel Business Park, M. Roxas Highway
Clark Freeport Zone

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Enfinity Philippines Renewable Resources Inc.** (the "Company") (a wholly-owned subsidiary of Citicore Renewable Energy Corporation), which comprise the statement of financial position as at December 31, 2018, and the statement of total comprehensive income, statement of changes in equity, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018, and its financial performance and its cash flows for the year then ended in accordance Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audit 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 Financial Statements* section of our report. We are independent of the Company 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 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.

Other Matter

The financial statements of the Company for the year ended December 31, 2017, were audited by another auditor who expressed an unmodified opinion on those statements on April 12, 2018.

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

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

MVCo
Maceda Valencia & Co
Certified Public Accountants and Management Consultants

In preparing the 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Company'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 Company'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 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 Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Certified Public Accountants and Management Consultants

Report on the Supplementary Information Required by the Bureau of Internal Revenue

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on taxes and licenses in Note 22 to the financial statements is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements. Such information is the responsibility of management. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as whole.

MACEDA VALENCIA & CO.

JOSE T. VALENCIA
Partner
CPA License No. 32659
PTR No. 7394089
Issued on January 31, 2019 at Makati City
SEC Accreditation No. (individual) as general auditor 1535-AR-1 Category A,
Effective until January 30, 2022
SEC Accreditation No. (firm) as general auditors 0196-FR-2;
Effective until March 29, 2020
TIN 119-894-676
BIR Accreditation No. 08-001987-008-2018
Issued on April 6, 2018; effective until April 5, 2021
BOA/PRC Reg. No. 4748, effective until June 26, 2021

June 28, 2019
Makati City

A member of Nexia International

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
(A Wholly-owned Subsidiary of Citicore Renewable Energy Corporation)

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(With Comparative Figures for 2017)

	Note	2018	2017
ASSETS			
Current Assets			
Cash and cash equivalents	*3*	**P86,794,440**	P185,648,375
Trade and other receivables	*4*	**63,454,407**	239,802,061
Due from related parties	*9*	**-**	1,312,776
Prepayments and other current assets	*5*	**19,179,147**	136,690,110
Total Current Assets		**169,427,994**	563,453,322
Non-current Assets			
Property, plant and equipment - net	*6*	**1,508,465,997**	1,732,250,279
Other non-current assets	*17*	**3,529,310**	614,250
Total Non-current Assets		**1,511,995,307**	1,732,864,529
		P1,681,423,301	P2,296,317,851
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	*7*	**P73,484,339**	P162,977,685
Loans payable – current portion	*8*	**120,749,301**	120,191,845
Loan payable to a shareholder	*8,9*	**-**	278,620,827
Income tax payable		**-**	72,250
Total Current Liabilities		**194,233,640**	561,862,607
Non-current Liabilities			
Loans payable – net of current portion	*8*	**1,095,265,152**	1,216,865,110
Due to related parties	*9*	**-**	140,957,540
Other non-current liabilities	*10*	**10,505,540**	8,630,113
Total Non-current Liabilities		**1,105,770,692**	1,366,452,763
		1,300,004,332	1,928,315,370
Equity			
Share capital	*11*	**539,999,999**	539,999,999
Deficit		**(158,581,030)**	(171,997,518)
Total Equity		**381,418,969**	368,002,481
		P1,681,423,301	P2,296,317,851

See Notes to the Financial Statements.

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
(A Wholly-owned Subsidiary of Citicore Renewable Energy Corporation)

STATEMENT OF TOTAL COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Comparative Figures for 2017)

	Note	2018	2017
REVENUES	*12*		
Sale of electricity		**P260,381,466**	P267,164,385
Renewable energy credits		**-**	3,607,128
		260,381,466	270,771,513
COST OF SERVICES	*13*	**139,352,363**	116,230,851
GROSS PROFIT		**121,029,103**	154,540,662
OPERATING EXPENSES	*14*	**47,121,074**	52,821,357
INCOME FROM OPERATIONS		**73,908,029**	101,719,305
OTHER EXPENSES - NET	*15*	**(60,491,541)**	(104,712,096)
INCOME (LOSS) BEFORE INCOME TAX		**13,416,488**	(2,992,791)
INCOME TAX EXPENSE	*16*	**-**	(72,283)
NET INCOME (LOSS) / TOTAL COMPREHENSIVE INCOME (LOSS)		**P13,416,488**	(P3,065,074)

See Notes to the Financial Statements.

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
(A Wholly-owned Subsidiary of Citicore Renewable Energy Corporation)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Comparative Figures for 2017)

	Share Capital (Note 11)	Deficit	Total
Balance at January 1, 2017	P539,999,999	(P168,932,444)	P371,067,555
Net loss/total comprehensive loss for the year	-	(3,065,074)	(3,065,074)
Balance at December 31, 2017	539,999,999	(171,997,518)	368,002,481
Net income / total comprehensive income for the year	-	13,416,488	13,416,488
Balance at December 31, 2018	**P539,999,999**	**(P158,581,030)**	**P381,418,969**

See Notes to the Financial Statements.

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
(A Wholly-owned Subsidiary of Citicore Renewable Energy Corporation)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2018
(With Comparative Figures for 2017)

	Note	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income (loss) before income tax		**P13,416,488**	(P2,992,791)
Adjustments for:			
Finance costs	*15*	**87,621,767**	108,567,287
Depreciation	*6,13*	**71,880,065**	73,644,634
Interest income	*15*	**(11,653,307)**	(6,579,882)
Other income from reversal of provisions	*15*	**(8,070,421)**	-
Net unrealized foreign exchange loss (gain)	*15*	**(3,906,498)**	4,192,192
Other income from recovery of write-off of assets	*15*	**(3,500,000)**	-
Reversal of provisions		**-**	(244,651)
Operating income before working capital changes		**145,788,094**	176,586,789
Decrease (increase) in:			
Trade and other receivables		**179,385,098**	(104,532,995)
Due from related parties		**1,312,776**	(1,312,776)
Prepayments and other current assets		**121,797,064**	(424,389)
Other non-current assets		**(2,915,060)**	27,000
Increase (decrease) in:			
Trade and other payables		**(44,875,048)**	(100,970,599)
Due to related parties		**13,956,120**	(26,009,869)
Other non-current liabilities		**1,053,001**	3,694,768
Net cash from (used in) operations		**415,502,045**	(52,942,071)
Interest received		**8,615,864**	1,463,031
Interest paid		**(81,326,365)**	(73,269,188)
Income taxes paid		**(858,351)**	(406)
Net cash from (used in) operating activities		**341,933,193**	(124,748,634)
CASH FLOWS FROM AN INVESTING ACTIVITY			
Additions to property, plant and equipment	*6*	**(37,799)**	(206,297)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of:			
Loan from a shareholder	*8,9*	**(299,859,828)**	(256,220,803)
Interest on loan from a shareholder	*8*	**(18,994,811)**	(18,073,829)
Payment of loan from a financial institution	*8*	**(122,727,273)**	-
Collection of subscription receivable	*11*	**-**	40,288,905
Net cash used in financing activities		**(441,581,912)**	(234,005,727)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH		**832,583**	616,845
NET DECREASE IN CASH		**(98,853,935)**	(358,343,813)
CASH AT BEGINNING OF YEAR		**185,648,375**	543,992,188
CASH AT END OF YEAR		**P86,794,440**	P185,648,375

See Notes to the Financial Statements.

1. Reporting Entity

Enfinity Philippines Renewable Resources Inc. (the "Company") was registered with the Philippine Securities and Exchange Commission (SEC) on July 15, 2010. The Company's primary objective is to explore, develop and utilize renewable resources with particular focus on solar and wind energy generation; to design, construct, erect, assemble, commission and operate power-generating plants and related facilities for the conversion of renewable energy into usable form fit for electricity generation and distribution; and to perform other ancillary and incidental activities as may be provided by and under contract with the Government of the Republic of the Philippines, or any subdivision, instrumentality or agency thereof, or any government-owned and controlled corporation, or other entity engaged in the development, supply and distribution of renewable energy. On March 12, 2016, the Company completed the construction and started the operations of its 22.33 megawatt (MW) solar project in Clark, Freeport Zone, Subic, Pampanga.

On May 17, 2018, the Company's stockholders entered into a Sale and Purchase Agreement with Citicore Renewable Energy Corporation (the "Parent Company" or "CREC") with the latter acquiring 100% of the Company's share of stock making the Company a wholly-owned subsidiary of CREC. The Parent Company is engaged in power generation under Renewable Energy Law. The issuance of the Certificates Authorizing Registration by the Bureau of Internal Revenue for the transfer of shares to the Parent Company is still pending as of reporting date.

Prior to May 2018, the Company was 62.25% owned by Mabalacat Solar Philippines, Inc. (Mabalacat Solar), a company incorporated in the Philippines, and 37.75% by Lumos Investment Pte. Limited (Lumos), a company incorporated in Singapore. Lumos is a joint venture between Sindicatum Renewable Energy Company Pte. Ltd. (SREC) and Armstrong S.E. Asia Clean Energy Fund Pte. Ltd. Both were incorporated in Singapore.

As at December 31, 2018, the Company's ultimate parent is Citicore Holdings Investment, Inc., a company incorporated in the Philippines, is registered as a holding company engaged in buying and holding shares of other companies.

The registered office address of the Company is Room 6A, Philexcel Business Center 1, Philexcel Business Park, M. Roxas Highway, Clark Freeport Zone.

2. Basis of Preparation

Statement of Compliance

The financial statements of the Company have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs). PFRSs are based on International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB). PFRSs, which are issued by the Philippine Financial Reporting Standards Council (FRSC), consist of PFRSs, Philippine Accounting Standards (PASs), and Philippine Interpretations.

The financial statements as at and for the year ended December 31, 2018 were authorized and approved for issuance by the Board of Directors (BOD) on June 28, 2019.

Basis of Measurement

The financial statements have been prepared under the historical cost convention.

Functional and Presentation Currency

The financial statements are presented in Philippine peso, which is the Company's functional and presentation currency. All financial information presented has been rounded off to the nearest peso unless otherwise stated.

Use of Estimates and Judgments

The preparation of the financial statements in conformity with the PFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

In particular, information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is as follows:

Critical Accounting Estimates and Assumptions

Estimating impairment losses on receivables

The Company uses a provision matrix to calculate expected credit loss (ECLs) for trade receivables. The provision rates are based on days past due for customer profile that have a similar industry loss pattern.

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information such as inflation and interest rates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The information about the ECLs on the Company's trade and other receivables is disclosed in Note 20.

The carrying amount of receivables amounted to P63,454,407 and P239,802,061 as at December 31, 2018 and 2017, respectively (see Note 4).

Estimating useful lives of non-financial assets

The Company reviews annually the estimated useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use and are updated if expectations differ from previous estimates due to physical wear and tear or technical and commercial obsolescence. The Company's management determines the estimated useful lives of its property, plant and equipment based on the period over which the assets are expected to be available for use. The Company annually reviews the estimated useful lives of property, plant and equipment based on factors that include asset utilization, internal technical evaluation, technological changes, environmental and anticipated use of assets tempered by related industry benchmark information. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in factors mentioned.

Estimating provisions

The Company, in the ordinary course of business, sets up appropriate provision for its present legal or constructive obligations in accordance with its policies on provisions and contingencies.

In recognizing and measuring provisions, management takes risks and uncertainties into account.

As at December 31, 2018 and 2017, the Company does have contingent legal or constructive obligation that requires provision amounting to nil and to P8,070,421, respectively (see Notes 7 and 18).

Estimating realizability of deferred tax assets
The Company reviews its deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. The Company also reviews the expected timing and tax rates upon reversal of temporary differences and adjusts the impact of the deferred tax, accordingly.

As at December 31, 2018 and 2017, unrecognized deferred tax assets by the Company amounted to P2.24 million and P7.07 million, respectively. The recognized portion of deferred tax assets amounted to P84,715 and P254,145 million in 2018 and 2017, respectively (see Note 16).

Estimating Cost of Dismantling, Removing or Restoring Items of Fixed Assets
Determining the asset retirement obligation requires estimation of the costs of dismantling, installing and restoring lease properties to their original condition. The Company determined the amount of obligation by obtaining estimates of dismantling costs from the proponent responsible for the operation of the asset, discounted at the Company's current credit-adjusted risk-free rate depending on the life of the capital costs. While it is believed that the assumptions used in the estimation of such costs are reasonable, significant changes in these assumptions may materially affect the recorded expense or obligation in future periods.

The obligation amounted to P1.06 million and P1.01 million as at December 31, 2018 and 2017, respectively (see Note 10).

Critical Judgments in Applying Accounting Policies

Definition of default and credit-impaired financial assets
The Company defines a financial asset as in default, which is fully aligned with the definition of credit-impaired, when it meets one or more of the following criteria:

Quantitative criteria – for sales contracts receivable, the customer receives a notice of cancellation and does not continue the payments.

Qualitative criteria
The customer meets unlikeliness to pay criteria, which indicates the customer is in significant financial difficulty. These are instances where:

- The counterparty is experiencing financial difficulty or is insolvent
- Concessions have been granted by the Company, for economic or contractual reasons relating to the counterparty's financial difficulty
- It is becoming probable that the counterparty will enter bankruptcy or other financial reorganization

The criteria above have been applied to the financial assets held by the Company and are consistent with the definition of default used for internal credit risk management purposes.

Incorporation of forward-looking information
The Company incorporates forward-looking information into its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. To do this, the Company considers a range of relevant forward-looking macro-economic assumptions for the determination of unbiased general industry adjustments and any related specific industry adjustments that support the calculation of ECLs. The Company's evaluation and assessment takes into consideration external actual and forecast information which includes economic data and forecasts published by governmental bodies, monetary authorities and selected private-sector and academic institutions.

Assessing impairment of assets
In accordance with the Company's policy on impairment of assets, the Company performs an impairment review when certain impairment indicators are present and would indicate that the carrying amount of such asset may not be recoverable. The indicators that the Company considers important which could trigger an impairment review include the following:

- Significant underperformance relative to the expected historical or projected future operating results;
- Significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- Significant negative industry or economic trends.

When the higher recoverable amount of such asset is the value in use, the Company is required to make estimates and assumptions that can materially affect the financial statements in determining the present value of future cash flows expected to be generated from the continued use of such asset.

As at December 31, 2018 and 2017, the Company assessed that there is no indication of impairment on its property, plant and equipment, and other nonfinancial assets.

Evaluating lease agreements
The Company has entered into a lease agreement as a lessee. The Company has determined that the lessor retains all significant risks and rewards of ownership of this property which is leased out under an operating lease agreement.

Rent expense recognized in profit or loss amounted to P10.02 million and P11.36 million in 2018 and 2017, respectively (see Note 17).

3. Cash and Cash Equivalents

This account consists of:

	2018	2017
Cash in banks	**P19,160,403**	P185,648,375
Short-term placements	**67,634,037**	-
	P86,794,440	P185,648,375

Cash in banks earned interest at the prevailing savings or demand deposit rates.

Short-term placements represent money market placements or short-term investments with maturities up to three months and annual interest ranging from 6.30% to 6.55% in 2018.

Total interest income recognized in profit or loss amounted to P2,142,409 and P835,862 in 2018 and 2017, respectively (see Note 15).

Debt service reserve account, which amounted to P48.4 million in 2017, was presented as part of cash in banks in 2017. This represents a restricted cash account earmarked to pay the Company's long-term debt and interest accruing therein.

4. Trade and Other Receivables

This account consists of:

	2018	2017
Trade receivables	**P63,454,407**	P201,031,900
Accrued revenue	-	38,254,964
Accrued interest income	-	2,167,907
	63,454,407	241,454,771
Less: Discount on receivables – time value	-	(1,652,710)
	P63,454,407	P239,802,061

Trade receivables are generally collectible within a 90-day period.

In accordance with the Renewable Energy Payment Agreement (REPA), in the event that National Transmission Corporation (TransCo) fails to pay any amount stated in the Feed-in Tariff (FIT) Statement of Account upon the lapse of one billing period after the relevant payment date, TransCo shall pay to the Company such unpaid amount plus interest thereon, calculated from the payment date to the day such amount is actually paid, at the last payment interest rate. Last payment interest rate is the penalty interest rate of the prevailing 91-day treasury bill rate per annum plus 300 basis points or 3%. Interest income arising from late payments amounted to P7,078,931 and P3,614,016 in 2018 and 2017, respectively (see Note 15).

5. Prepayments and Other Current Assets

This account consists of:

	2018	2017
Input VAT	**P9,337,242**	P127,604,600
Refundable deposits	**6,580,541**	6,609,851
Prepaid expenses	**1,983,906**	1,709,852
Prepaid tax	**786,101**	-
Other advances	**491,357**	-
Deferred input VAT	-	520,387
Spare parts and supplies	-	245,420
	P19,179,147	P136,690,110

Input VAT represents VAT on purchases of services and goods other than capital goods. The Company's revenue from sale of electricity is subject to 0% VAT. The Company's application for refund of input VAT amounting to P119,680,493 was approved by the BIR in 2018.

Refundable deposits consist mainly of electric utility deposits to be refunded within the next twelve (12) months.

Prepaid expenses pertain to insurance payments for general accident insurance and performance security bond to be applied within the next twelve (12) months.

Other advances pertain to advances to employees which are collectibe upon demand and over-payment for local government taxes.

Deferred input VAT arises from purchase of capital goods exceeding P1 million, which is amortized over the useful life of the asset or 60 months, whichever is lower.

Spare parts and supplies pertain to cables, circuit breakers, fuse, isolators, etc. used for the repairs and maintenance of solar equipment to be utilized within the next twelve (12) months.

6. Property, Plant and Equipment

A reconciliation of the carrying amounts of property, plant and equipment, the gross carrying amounts, and accumulated depreciation of property, plant and equipment are shown below:

	For the Years Ended December 31, 2018 and 2017			
	Solar Plant and Equipment	Other Equipment	Construction in Progress	Total
Cost:				
January 1, 2017	P1,723,323,672	P97,562	P137,051,268	P1,860,472,502
Additions	234,457	-	(28,160)	206,297
Reclassification	156,242	-	(156,242)	-
December 31, 2017	1,723,714,371	97,562	136,866,866	1,860,678,799
Additions	37,799	-	-	37,799
Disposals	(15,075,150)	-	(136,866,866)	(151,942,016)
December 31, 2018	**1,708,677,020**	**97,562**	**-**	**1,708,774,582**
Accumulated depreciation:				
January 1, 2017	54,776,723	7,163	-	54,783,886
Depreciation	73,625,122	19,512	-	73,644,634
December 31, 2017	128,401,845	26,675	-	128,428,520
Depreciation	71,860,553	19,512	-	71,880,065
December 31, 2018	**200,262,398**	**46,187**	**-**	**200,308,585**
Carrying amount:				
December 31, 2017	P1,595,312,526	P70,887	P136,866,866	P1,732,250,279
December 31, 2018	**P1,508,414,622**	**P51,375**	**P -**	**P1,508,465,997**

The 22.33 MW Clark Solar Power Project was successfully commissioned on March 12, 2016 through confirmation from the Philippine Department of Energy (DOE) covering its Solar Energy Service Contract (SESC) No. 2014-07-086 and Amended Certificate of Commerciality No. SCC-2015-03-014-B valid for 25 years.

Solar plant and equipment includes capitalized borrowing costs amounting to P13.69 million.

The Company's solar plant and equipment is pledged as collateral under the chattel mortgage agreement entered into in relation to the Company's bank borrowings (see Note 8).

Disposals pertain to the capitalized development costs related to the construction of the Concepcion Power Plant under Solar Energy Service Contract No. 2015-02-101. All assets, interests, rights, obligations and liabilities held by the Company in relation to the Concepcion Project were transferred as part of the agreement between CREC and the former shareholders of the Company (see Note 1).

7. Trade and Other Payables

This account consists of:

	Note	2018	2017
Trade payables		**P3,877,615**	P15,258,774
Due to government agencies		**48,067,310**	31,016,360
Due to related parties	*9*	**10,874,926**	-
Accrued expenses		**10,664,488**	108,632,130
Provisions	*18*	**-**	8,070,421
		P73,484,339	P162,977,685

Trade payables are normally due within a 30-day period.

Due to government agencies consist of payable to the local government unit of Mabalacat City, Pampanga for property and other local business taxes, Department of Energy for energy regulation taxes and Bureau of Internal Revenue for withholding taxes.

Accrued expenses consist mainly of management fee and interest expense.

8. Loans Payable

As at December 31, 2018 and 2017, this account consists of:

	2018	2017
Principal amount		
Balance at beginning of year	**P1,350,000,000**	P1,350,000,000
Payments	**(122,727,273)**	-
Balance at end of year	**1,227,272,727**	1,350,000,000
Debt issuance cost:		
Balance at beginning of year	**12,943,045**	15,471,299
Amortization	**(1,684,771)**	(2,528,254)
Balance at end of year	**11,258,274**	12,943,045
Net book value	**1,216,014,453**	1,337,056,955
Less: Current portion of long-term debt (net of unamortized debt issue cost)	**120,749,301**	120,191,845
	P1,095,265,152	P1,216,865,110

<u>Development Bank of the Philippines</u>
In 2016, the Company entered into a P1.35 billion Term Loan Facility with a local financial institution (FI). The facility was entered into to refinance the construction cost of 22.33 MW solar power project in Clark Freeport Zone, Pampanga. The entire facility was drawn on

December 9, 2016.

The loan has a term of twelve (12) years, maturing on December 8, 2028, inclusive of one (1) year grace period and is payable in forty-four (44) equal quarterly installments commencing on the fifth quarter from the date of initial drawdown. The Company shall pay interest at fixed rate based on the FI's prevailing rate under the relevant program applied for and determined on the date of initial drawdown, subject to a floor rate of 5.00% per annum, payable quarterly commencing at the end of the first quarter from the date of initial drawdown, and subject to adjustment by the FI at such rate as it may determine at the end of fifth and tenth year.

As long as this loan agreement is in effect and until the payment in full of the loan and all other amounts due under the agreement, the Company agrees that, unless the FI shall otherwise consent in writing, it will not declare or pay dividends to its stockholders or partners, other than dividends payable solely in shares of its capital stock, or retain, retire, purchase or otherwise acquire any class of its capital stock, or make any other capital or other asset distribution to its stockholders or partners. Further, the Company shall maintain at all times during the entire term of the loan a Debt-to-Equity Ratio (DER) of not exceeding 2:1. Also, Current Ratio and Debt Service Coverage Ratio of less than 1.0x are not permitted. As at December 31, 2018, the Company's DER exceeded 2:1 (see Note 20). The Company is currently in discussion with the FI regarding this negative covenant. Meanwhile, the loan is still presented in accordance with stated maturity schedule.

Total interest expense recognized on the loan amounted to P70.38 million and P76.00 million for the year ended December 31, 2018 and 2017, respectively (see Note 15). Interest expense on the loan includes amortization of debt issuance cost amounting to P1.68 million and P2.53 million, respectively.

Lumos

In December 2016, the Company entered into a loan facility agreement with Lumos amounting to $40.00 million or P1,570.39 million with an annual interest of 8.00%.

In February 2017, the loan payable to Lumos amounting to P363.48 million was applied as payment of subscription receivable following the SEC's approval of the Company's application to increase its authorized capital stock.

As part of the share sale and purchase agreement between Lumos and Citicore Power, Inc. (intermediate parent of CREC), the loan and related interest amounting to P243,749,400 and P7,319,372, respectively, were assumed by CREC. Consequently, the loan payable was reclassified as due to related parties under trade and other payables in the statement of financial position as at December 31, 2018.

The movements in the loans payable to Lumos as at December 31, 2018 and 2017 are as follows:

	2018	2017
Loan payable, beginning	**P278,620,827**	P894,148,405
Conversion to capital stock	**-**	(363,475,825)
Payments	**(58,863,289)**	(256,220,803)
Foreign exchange loss	**23,991,862**	4,169,050
Assumed by new shareholder	**(243,749,400)**	-
Loan payable, ending	**P -**	P278,620,827

As at December 31, 2017, loan payable amounted to P278,620,827 (US$ 5,580,217.92).

The movements in accrued interest on the loan are as follows:

	Note	**2018**	2017
Beginning		**P11,262,473**	P3,135,559
Finance cost recognized in profit and loss during the year	*15*	**15,998,080**	28,333,443
Foreign exchange gain		**(946,370)**	(2,132,700)
Payments made		**(18,994,811)**	(18,073,829)
	9	**P7,319,372**	P11,262,473

9. Related Party Transactions

In the ordinary course of business, the Company has the following transactions with companies considered as related parties under PAS 24, Related Party Disclosures. The table below summarizes the Company's transactions and balances with its related parties.

As at and For the Years Ended December31, 2018 and 2017

	Relationship	Year	Transactions	Outstanding Balance	Terms and conditions
Due from related parties					
Concepcion Solar Inc.	Under common control (Former – See Note 1)	2017	P1,312,776	P1,312,776	These advances are unsecured, non-interest bearing, payable on demand and are expected to be settled to cash.
		2017	P1,312,776	P1,312,776	
Due to related parties					
Citicore Renewable Energy Corporation	Parent Company				See Note 8.
• Loan		**2018**	**P2,752,861**	**P2,752,861**	
		2017	-	-	
• Interest		**2018**	**7,319,372**	**7,319,372**	
		2017	-	-	
• Advances		**2018**	**802,693**	**802,693**	
		2017	-	-	
SREC	Intermediate parent (Former – See Note 1)	**2018**	**(139,799,735)**	-	These advances are unsecured, non-interest bearing, payable on demand and are expected to be settled to cash.
		2017	(21,399,464)	139,799,735	
SREHPI	Under common control (Former – See Note 1)	**2018**	**(1,157,805)**	-	
		2017	(2,847,563)	1,157,805	
		2018	**(P130,082,614)**	**P10,874,926**	
		2017	(P24,247,027)	P140,957,540	

Forward

As at and For the Years Ended December31, 2018 and 2017					
	Relationship	Year	Transactions	Outstanding Balance	Terms and conditions
Loan payable to a shareholder					
Lumos	Shareholder with significant influence (Former – See Note 1)	**2018**	**P -**	**P -**	See Note 8.
		2017	(615,527,578)	278,620,827	
		2018	**P -**	**P -**	
		2017	(P615,527,578)	P278,620,827	

No short-term or long-term compensation was paid to key management personnel for the years ended December 31, 2018 and 2017.

10. Other Non-current Liabilities

This account consists of:

	2018	2017
Provision for lease equalization	**P9,448,638**	P7,616,379
Provision for asset retirement obligation	**1,056,902**	1,013,734
	P10,505,540	P8,630,113

Provision for lease equalization pertains to the additional liability resulting from the application of straight-line method to lease payments under the lease of land (see Note 17).

Provision for asset retirement obligation pertains to the restoration costs of the leased land to its original condition upon the termination of the lease agreement.

11. Share Capital

The Company's share capital consists of:

Authorized, issued and outstanding:	
Common class A – 7,291,011 shares at P1 par value	**P7,291,011**
Redeemable preference shares A – 1,729,922 shares at P27 par value	**46,707,894**
Common class B – 4,856,985 shares at P13.5 par value	**65,569,298**
Redeemable preference shares B – 1,153,448 shares at P364.5 par value	**420,431,796**
	P539,999,999

The respective holders of Class "A" Common Stock and Class "B" Common Stock shall be entitled to the same rights and privileges except for the right on dividend distribution which will be in accordance with the par value ratio.

The Class "A" and "B" Redeemable Preference Shares shall be non-convertible, non-voting and are redeemable at the option of the Company at par value, plus any accrued and unpaid cash dividends.

Foreign nationals may own and hold only Class "B" Common and Redeemable Preferred Shares.

12. Revenues

On March 11, 2016, the DOE confirmed the Declaration of Commerciality of the Company's 22.33 MW Solar Power Project in Prince Balagtas Extension, Clark Special Economic Zone, Pampanga under SESC No. 2014-07-086. The DOE confirmation affirms the conversion of said SESC from Pre-Development to Commercial Stage.

On March 12, 2016, the 22.33 MW Solar Power Project started delivering power to the grid following the commissioning of the power plant.

On June 3, 2016, the 22.33 MW Clark Solar Power Project of the Company was issued a Certificate of Endorsement (COE) for FIT Eligibility under COE-FIT No. S-2016-04-020 by the DOE. By virtue of the endorsement, the 22.33 MW Clark Solar Power Project is qualified to avail of the FIT System, upon the issuance by the Energy Regulatory Commission (ERC) of the Certificate of Compliance.

On November 22, 2016, the ERC issued the Certificate of Compliance (COC) to the Company. As a result, the Company was entitled the Feed-in Tariff (FIT) rate of P8.69 per kilowatt hour of energy output for a period of 20 years from March 12, 2016. Previously, power delivered to the grid were priced at spot rate due from Philippine Electricity Market Corporation (PEMC). The National Transmission Commission (TransCo) is the regulating body of all the FIT-rate eligible energy providers.

Outstanding receivables under the FIT System due from TransCo amounted to P63.45 million and P199.71 million as at December 31, 2018 and 2017, respectively. Discount on receivables from TransCo amounted to nil and P1.65 million as at December 31, 2018 and 2017, respectively (see Note 4).

13. Cost of Services

This account consists of:

	Note	**2018**	2017
Depreciation	*6*	**P71,880,065**	P73,644,634
Taxes and licenses		**33,693,409**	12,819,972
Operations and maintenance		**14,879,599**	13,745,072
Rental	*17*	**9,544,772**	5,184,999
Utilities		**4,916,814**	5,634,977
Insurance		**3,755,730**	4,689,683
Power delivery cost		**418,532**	289,997
Spare parts and supplies		**263,442**	221,517
		P139,352,363	P116,230,851

14. Operating Expenses

This account consists of:

	Note	2018	2017
Management and professional fees		**P37,124,085**	P22,575,166
Taxes and licenses		**4,512,339**	13,801,282
Rental	*17*	**476,941**	6,177,956
Insurance		**239,304**	304,598
Transportation and travel		**217,368**	48,691
Communication		**143,568**	144,087
Bank charge		**54,761**	166,014
Penalties		**-**	8,096,186
Others		**4,352,708**	1,507,377
		P47,121,074	P52,821,357

15. Other Expenses - Net

This account consists of:

	Note	2018	2017
Interest income		**P11,653,307**	P6,579,882
Reversal of provisions	*18*	**8,070,421**	-
Foreign exchange gains (losses) - net		**3,906,498**	(4,787,445)
Recovery of assets written-off		**3,500,000**	-
Finance costs		**(87,621,767)**	(106,504,533)
		(P60,491,541)	(P104,712,096)

Interest income consists of:

	Note	2018	2017
Late payment of receivables	*4*	**P7,078,931**	P3,614,016
Discounting of receivables	*12*	**2,431,967**	2,130,004
Short-term placements and cash in banks	*3*	**2,142,409**	835,862
		P11,653,307	P6,579,882

Finance costs consist of:

	Note	2018	2017
Interest on:			
Term loan facility	*8*	**P70,381,262**	P75,998,179
Loans from a shareholder	*8*	**15,998,080**	28,333,443
Discount on receivable from a third party		**779,257**	1,652,710
Financing related fees		**420,000**	465,500
Interest accretion on provision for asset retirement obligation		**43,168**	54,701
		P87,621,767	P106,504,533

16. Income Tax

The reconciliation of the income tax expense computed at statutory income tax rate to the actual expense shown in the statement of total comprehensive income is as follows:

	2018	2017
Net income (loss)	**P13,416,488**	(P2,992,791)
Income tax using statutory rate	**1,341,649**	(897,837)
Income tax effects of:		
Movement in unrecognized deferred tax asset	**(4,829,478)**	4,429,669
Other income from reversal of provisions	**(807,042)**	-
Interest income from time value of money	**(243,197)**	(639,001)
Interest income subjected to final tax	**(214,241)**	(250,758)
NOLCO	**4,663,042**	-
Nondeductible expense	**89,267**	2,471,933
Nontaxable income due to ITH	**-**	(5,041,723)
	P -	P72,283

The Company assessed that there might not be enough taxable income in the future from which the following deductible temporary difference and carryforward benefits of unused NOLCO may be applied. The Company has the following temporary differences as at December 31 :

	2018		2017	
	Tax Base	**Deferred Tax Assets (Liabilities)**	Tax Base	Deferred Tax Assets (Liabilities)
NOLCO	**P11,992,459**	**P1,199,246**	P2,026,000	P607,800
Accrued rental	**9,448,638**	**944,864**	6,676,817	2,003,045
Provision for asset retirement obligation	**1,056,902**	**105,690**	1,013,734	304,120
MCIT	**72,656**	**72,656**	72,656	72,656
Asset retirement obligation	**(847,149)**	**(84,715)**	(847,149)	(254,145)
Unrealized foreign exchange loss	**-**	**-**	4,192,192	1,257,658
Others	**-**	**-**	10,253,618	3,076,085
	P21,723,506	**P2,237,741**	P23,387,868	P7,067,219

Deferred tax asset was recognized to the extent of deferred tax liability amounting P84,715 and P254,145 in 2018 and 2017, respectively.

Details of the Company's NOLCO which can be claimed as deduction against future taxable income are as follows:

Year Incurred	Amount incurred	Amount applied in 2017	Amount expired	Remaining balance	Valid until
2018	P9,966,459	P -	P -	P9,966,459	2021
2016	5,303,395	3,277,395	-	2,026,000	2019
	P15,269,854	P3,277,395	P -	P11,992,459	

Details of the Company's MCIT which can be claimed as deduction against future income tax payable are as follows:

Year Incurred	Amount incurred	Amount applied	Amount expired	Remaining balance	Valid until
2017	P72,283	P -	P -	P72,283	2020
2016	373	-	-	373	2019
	P72,656	P -	P -	P72,656	

Registration with Board of Investments

The Company was registered with the Philippine Board of Investments (BOI) on October 16, 2015 as a renewable energy developer of solar energy resources under the Renewable Energy Act of 2008, (R.A. 9513). As a BOI-registered enterprise, the Company may avail the following incentives:

- Income Tax Holiday (ITH) for seven (7) years from date of actual commercial operation. The ITH shall be limited only to the revenues generated from the sales of electricity of the 22.33 MW Clark Solar Power Project at Prince Balagtas Extension, Clark Freeport Zone;
- Duty-free imporation of machinery, equipment and materials including control and communication equipment, within the first ten (10) years from the issuance of the DOE Certificate of Registration; and,
- Tax exemption of Carbon Credits.

The Company may also avail of the following incentives to be administered by appropriate government agencies subject to the Rules and Regulations of the respective administering government agencies.

- Realty and other taxes on civil works, equipment, machinery and other improvements of a registered enterprise actually and exclusively used for renewable energy facilities shall not exceed one and a half percent (1.5%) of the original cost less accumulated normal depreciation or net book value.

- The NOLCO during the first three years from the start of commercial operation shall be carried over as a deduction from the gross income as defined by the National Internal Revenue Code of 1997 (NIRC) for the next seven consecutive taxable years immediately following the year of such loss.

- After availment of the ITH, the enterprise shall pay a corporate income tax of ten percent (10%) on its taxable income as defined by NIRC, provided the it shall pass on the savings to the end users in the form of lower rates.

- The plant, machinery and equipment that are reasonably needed and actually used for the exploration, development and utlization of renewable energy resources may be depreciated using a rate not exceeding twice the rate which would have been used had the annual allowance been computed in accordance with the rules and regulations prescribed by the Department of Finance and the provisions of the NIRC. The enterprise that applies for accelerated depreciation shall no longer be eligible to avail of the ITH.

- The sale of power generated by the Company as well as its purchases of local supply of goods, properties and services needed for the development, construction and installation of its plant facilities and the whole process of exploration and development of renewable energy sources up to its conversion into power shall be subject to zero value-added tax pursuant to the NIRC.

- The Company may be entitled to a cash generation-based incentive per kilowatt-hour rate generated, equivalent ot fifty percent (50%) of the universal charge for power needed to services missionary areas, chargeable against the unviersal charge for missionary electrification.

- A tax credit equivalent to one hundred percent (100%) of the value of the value-added tax and custom duties that would have been paid on the renewable energy machinery, equipment, materials and parts had these items been imported shall be given to the enterprise that purchases machinery, equipment, materials and parts from a domestic manufacturer.

17. Operating Lease

The Company leases a parcel of land where the solar power plant was constructed. The agreement was entered into on September 5, 2014 and is valid for twenty five (25) years, renewable upon mutual agreement of the parties. The agreement stipulates an escalation rate of 10% starting on the fourth year of the lease and every three (3) years thereafter and payment of security deposits refundable upon termination of the lease and advance lease. Upon termination of the lease, the leased property shall revert to the lessor.

The payment of advance rental and security deposit amounting to P3,529,310 as at December 31, 2018 is presented under "Other Non-current Assets" in the statement of financial position.

The Company had outstanding minimum lease commitments under its noncancellable operating lease agreement, as follows:

	2018	2017
Within 1 year	**P3,856,086**	P3,850,000
Between 1 and 5 years	**21,518,036**	16,298,333
More than 5 years	**86,742,609**	95,731,081
	P112,116,731	P115,879,414

Rent expense charged to profit or loss amounted to P10,021,713 and P11,362,955 in 2018 and 2017, respectively (see Notes 13 and 14).

Details of prepaid rent related to these operating lease agreements are as follows:

	2018	2017
Current*	**P -**	P760,887
Non-current**	**-**	614,250
	P -	P1,375,137

**presented under prepayments and other current assets*
***presented under other non-current assets*

18. Provisions and Contingencies

Provisions

Provisions represent estimates for losses from potential claims against the Company, the outcome of which are not presently determinable. Other information on these potential claims were not disclosed in prior years as this may prejudice the Company's position on such claims.

In 2015, the Company set up a provision amounting to P8.32 million. An adjustment was made in 2018 since the provision did not meet the criteria as set in PAS 37, Provisions, Contingent Liabilities and Contingent Assets (see Note 7).

19. Significant Accounting Policies

Adoption of New and Revised Standards, Amendments to Standards and Interpretations

The accounting policies adopted in the preparation of the financial statements are consistent with those of the Company's financial statements for the year ended December 31, 2017, except for the adoption of the following new standards and amended PFRS which became effective January 1, 2018.

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

- PFRS 9, *Financial Instruments*. PFRS 9 replaces PAS 39, *Financial Instruments: Recognition and Measurement* 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 Company applied PFRS 9 using modified retrospective approach, with an initial application date of January 1, 2018. The Company has not restated the comparative information, which continues to be reported under PAS 39.

  The nature of these adjustments are described below:

  (a) Classification and measurement

  Under PFRS 9, debt instruments are subsequently measured at fair value through profit or loss, amortized cost, or fair value through OCI. The classification is based on two criteria: the Company'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 Company's business model was made as of the date of initial application, January 1, 2018, and then applied retrospectively to those financial assets that were not derecognized before 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 Company. The following are the changes in the classification of the Company's financial assets:

  - Cash and cash equivalents, trade and other receivables, due from related parties and refundable deposits previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are now classified and measured as financial assets at amortized cost beginning January 1, 2018.

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

		PFRS 9 Measurement Categories		
PAS 39 Categories	Carrying Amount January 1, 2018	Fair value through profit or loss	Amortized cost	Fair value through OCI
Loans and receivables				
Cash and cash equivalents	P185,648,375	P -	P185,648,375	P -
Trade and other receivables	239,802,061	-	239,802,061	-
Due from related parties	1,312,776	-	1,312,776	-
Refundable deposits	6,609,851	-	6,609,851	-
	P433,373,063	P -	P433,373,063	P -

(b) Impairment

The adoption of PFRS 9 has fundamentally changed the Company'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 Company to record an allowance for impairment losses for all debt financial assets not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The shortfall is then discounted at an approximation to the asset's original effective interest rate.

For trade and other receivables, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date.

The Company has established a provision matrix that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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

The probability of default is applied to the estimate of the loss arising on default which is based on the difference between the contractual cash flows due and those that the Company would expect to receive.

As these are future cash flows, these are discounted back to the reporting date using the appropriate effective interest rate (EIR), usually being the original EIR or an approximation thereof.

For cash and cash equivalents, the Company 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 Company'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.

There is no transition adjustment in relation to the impairment allowance as of January 1, 2018.

- PFRS 15, *Revenue from Contracts with Customers*, replaces PAS 11, *Construction Contracts*, PAS 18, *Revenue*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 18, *Transfer of Assets from Customers* and Standard Interpretation Committee - 31, *Revenue - Barter Transactions Involving Advertising Services*. The new standard introduces a new revenue recognition model for contracts with customers which specifies that revenue should be recognized when (or as) the Company transfers control of goods or services to a customer at the amount to which the Company expects to be entitled. Depending on whether certain criteria are met, revenue is recognized over time, in a manner that best reflects the Company's performance, or at a point in time, when control of the goods or services is transferred to the customer. The standard does not apply to insurance contracts, financial instruments or lease contracts, which fall in the scope of other PFRS. It also does not apply if two companies in the same line of business exchange nonmonetary assets to facilitate sales to other parties. Furthermore, if a contract with a customer is partly in the scope of another PFRS, then the guidance on separation and measurement contained in the other PFRS takes precedence.

  Sale of power and electricity
  Contract with customer for the Company includes power distribution and retail supply, power generation and ancillary services.

  For power generation and ancillary services where capacity and energy dispatched are separately identified, these two obligations are to be combined as one performance obligation since these are not distinct within the context of the contract as the buyer cannot benefit from the contracted capacity alone 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. Under the current standards, revenue from power generation is recognized in the period actual capacity is generated.

  Power distribution and retail supply also qualify as a series of distinct goods or services that are substantially the same and have the same pattern of transfer accounted for as one performance obligation. The Company has concluded that revenue should be recognized over time and will continue to recognize revenue based on electricity generated.

  Apart from providing more extensive disclosures on the Company's revenue recognition, the adoption of PFRS 15 did not have any significant impact on the Company's accounting policies.

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

New and Amended Standards Effective January 1, 2018 but Not Applicable to the Company

- Amendments to PFRS 2, *Share-based Payment, Classification and Measurement of Share-based Payments Transactions*
- Transfers of Investment Property (Amendments to PAS 40, *Investment Property*).
- Amendments to PFRS 4, Applying PFRS 9 *Financial Instruments* with PFRS 4 *Insurance Contracts*

New and Amended Standards and Interpretation Not Yet Adopted
A number of new and amended standards and interpretations are effective for annual periods beginning after January 1, 2018 and have not been applied in preparing the financial statements. Unless otherwise indicated, none of these is expected to have a significant effect on the financial statements. The Company will adopt the following new and amended standards and interpretations on the respective effective dates:

Effective beginning on or after January 1, 2019

- PFRS 16, *Leases*, supersedes PAS 17, *Leases*, and the related Philippine Interpretations. The new standard introduces a single lease accounting model for lessees under which all major leases are recognized on-balance sheet, removing the lease classification test. Lease accounting for lessors essentially remains unchanged except for a number of details including the application of the new lease definition, new sale-and-leaseback guidance, new sub-lease guidance and new disclosure requirements. Practical expedients and targeted reliefs were introduced including an optional lessee exemption for short-term leases (leases with a term of 12 months or less) and low-value items, as well as the permission of portfolio-level accounting instead of applying the requirements to individual leases. New estimates and judgmental thresholds that affect the identification, classification and measurement of lease transactions, as well as requirements to reassess certain key estimates and judgments at each reporting date were introduced.

  PFRS 16 is effective for annual periods beginning on or after January 1, 2019. Earlier application is permitted for entities that apply PFRS 15 at or before the date of initial application of PFRS 16. When adopting PFRS 16, an entity is permitted to use either a full retrospective or a modified retrospective approach, with options to use certain transition reliefs.

  The Company is currently performing detailed assessment of the potential effect of the new standard. The actual impact of applying PFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the borrowing rate of the Company as of January 1, 2019, the composition of the Company's lease portfolio at that date, the Company's latest assessment of whether it will exercise any lease renewal options and the extent to which the Company chooses to use practical expedients and recognition exemptions.

- 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 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.

This interpretation is not relevant to the Company because there is no uncertainty involved in the tax treatments made by management in connection with the calculation of current and deferred taxes as of December 31, 2018 and 2017.

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 Company.

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

The Company is currently assessing the potential impact on its financial statements resulting from the application of the above standards.

New and Amended Standards Effective January 1, 2019 but Not Applicable to the Company

- PFRS 17, *Insurance Contracts*
- Amendments to PAS19, *Employee Benefits*
- Amendments to PAS28, *Investment in Associate and Joint Ventures*
- Amendments to PFRS 3, *Business Combinations*
- Amendments to PAS12, *Income Taxes*
- *Annual Improvements to PFRS 2015-2017 Cycle*
  - Amendments to PFRS3, *Business Combinations*
  - Amendments to PFRS10, *Consolidated Financial Statements*

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

Financial Assets and Financial Liabilities

Accounting policies effective January 1, 2018

Date of recognition. The Company recognizes a financial asset or a financial liability in the statement of financial position when it becomes a party to the contractual provisions of a financial instrument. In the case of a regular way purchase or sale of financial assets, recognition is done using settlement date accounting.

Initial recognition of financial instruments. Financial instruments are recognized initially at fair value of the consideration given (in case of an asset) or received (in case of a liability). The initial measurement of financial instruments, except for those designated as at FVPL, includes transaction costs.

Financial assets
The Company classifies its financial asset, at initial recognition, as financial assets at amortized cost. The classification depends on the business model of the Company for managing the financial asset and the contractual cash flow characteristics of the financial asset.

Financial asset is not reclassified subsequent to initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

The Company does not hold any financial assets at FVOCI and FVPL as at December 31, 2018.

Financial assets at amortized cost. A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVPL:

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

After initial measurement, the financial assets are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition, and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are reclassified to FVPL, impaired or derecognized, as well as through the amortization process.

The Company's cash and cash equivalents, trade and other receivables, due from related parties and refundable deposits are included under this category.

Impairment
The Company recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company 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.

For trade and other receivables, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix for trade receivables that is based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For due from related parties, impairment provisions would be based on the assumption that the loan is demanded at the reporting date and it would reflect the losses (if any) that would result from this. Since the loans are collectible on demand, the contractual period is the very short period needed to transfer the cash once demanded. Discounting would have immaterial effect in the balances.

For cash and cash equivalents, the Company 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 Company'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.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

The key inputs in the model include the Company's definition of default and historical data of three years for the origination, maturity date and default date. The Company considers trade receivables in default when contractual payment are 90 days past due, except for certain circumstances when the reason for being past due is due to reconciliation with customers of payment records which are administrative in nature which may extend the definition of default to 90 days and beyond. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company.

Determining the stage for impairment
At each reporting date, the Company assesses whether there has been a significant increase in credit risk for financial assets since initial recognition by comparing the risk of default occurring over the expected life between the reporting date and the date of initial recognition. The Company considers reasonable and supportable information that is relevant and available without undue cost or effort for this purpose. This includes quantitative and qualitative information and forward-looking analysis.

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

An exposure will migrate through the ECL stages as asset quality deteriorates. If, in a subsequent period, asset quality improves and also reverses any previously assessed significant increase in credit risk since origination, then the loss allowance measurement reverts from lifetime ECL to 12- months ECL.

Financial Liabilities
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 loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and loans payable.

Accounting policies effective prior to January 1, 2018

Recognition
Financial assets are recognized in the Company's financial statements when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognized initially at fair value. Transaction costs are included in the initial measurement of the Company's financial assets, except for investments classified as at fair value through profit or loss. Subsequently, financial assets are recognized either at fair value or at amortized cost.

Current financial assets include financial assets that are consumed or realized as part of the normal operating cycle even when they are not expected to be realized within twelve months after the reporting period, otherwise, they are classified as non-current assets.

Classification
The Company classifies non-derivative financial assets into loans and receivables.

Loans and receivables
Cash and trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment
Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For loans and receivables category, the Company first assesses whether there is objective evidence of impairment exists individually for receivables that are individually significant, and collectively for receivables that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed receivable, whether significant of not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses those for impairment. Receivables that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, excluding future credit losses that have not been incurred, discounted at the financial asset's original effective interest rate, i.e., the effective interest rate computed at initial recognition. The carrying amount of the financial assets carried at amortized cost is reduced directly by the impairment loss, with the exception of trade receivables wherein the carrying amount is reduced through the use of an allowance account. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed. The amount of the reversal shall be recognized in the profit or loss for the year.

Other financial liabilities
This category pertains to financial liabilities that are not designated or classified at FVPL upon the inception of the liability. These include liabilities arising from operations or borrowings. Other financial liabilities are measured initially at fair value and are subsequently carried at amortized cost, taking into account the impact of applying the effective interest rate method of amortization (or accretion) for any related premium, discount and directly attributable transaction costs. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the amortization process.

The Company's trade and other payables (excluding payables to government agencies) are included in this category.

Liabilities in this category are classified as current liabilities if expected to be settled within 12 months; otherwise, they are classified as non-current.

<u>Derecognition of Financial Assets and Financial Liabilities</u>
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 when:

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

When the Company 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 the risks and rewards of the asset nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes the associated liability. The transferred asset and the associated liability are measured on the basis that reflects the rights and obligations that the Company 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 Company is required to repay.

<u>Classification of Financial Instruments between Liability and Equity</u>
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.

A financial instrument is classified as liability 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 Company; 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 Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

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

Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between participants at measurement date.

The fair value of a non-financial asset is measured based on its highest and best use. The asset's current use is presumed to be its highest and best use.

The fair value of financial and non-financial liabilities takes into account non-performance risk, which is the risk that the entity will not fulfill an obligation.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Inputs for the asset or liability that are not based on observable market data.

Offsetting Financial Instruments

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

Input Value-added Tax

Input VAT is stated at historical cost less provision for impairment, if any. Provision for unrecoverable input VAT, if any, is maintained by the Company at a level considered adequate to provide for potential uncollectible portions of the claims. The Company, on a continuing basis, makes a review of the status of the claims designed to identify those that may require provision for impairment losses.

Prepayments and Other Current Assets

Prepayments represent expenses not yet incurred but already paid in cash. These are initially recorded as assets and measured at the amount of cash paid. Subsequently, these are charged to profit or loss as they are consumed in operations or expire with the passage of time.

Prepayments are classified in the statement of financial position as current assets when the cost of goods or services related to the prepayments are expected to be incurred within one (1) year or the Company's normal operating cycle, whichever is longer. Otherwise, prepayments are classified as non-current assets.

Spare Parts and Supplies
Spare parts are stated at the lower of cost and net realizable value. Cost is determined using the weighted - average method. Net realizable value is the current replacement cost of spare parts and supplies.

Property, Plant and Equipment
Items of propert, plant and equipment are initially measured at cost. After initial recognition, all items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Construction in progress (CIP) represents structures under construction and is stated at cost. This includes the costs of construction and other direct costs. CIP is not depreciated until such time that the relevant assets are ready for use.

Depreciation, which commence when the assets are available for their intended use, is calculated over the depreciable amount, which is the cost of an asset less its residual value. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives of property, plant and equipment are as follows:

	Number of Years
Solar plant and equipment	23
Other equipment	5

If there is an indication that there has been a significant change in the depreciation method and/or useful life of an asset, the depreciation of that asset is reviewed and adjusted prospectively, if appropriate.

Property, plant and equipment are derecognized upon disposal or when no future economic benefits are expected from its use. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized on a net basis in profit or loss.

Other Non-current Assets
Other noncurrent assets account are security deposits which are not refundable within the next twelve (12) months and rentals paid in advance and charged to expense over the usage period beyond one (1) year.

Impairment of Non-Financial Assets
At each reporting date, the Company assesses whether there is any indication that any of its non-financial assets may have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of the non-financial asset is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized as an expense.

When an impairment loss reverses subsequently, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized in prior years. A reversal of an impairment loss is recognized in profit or loss.

Provisions and Contingencies

Provisions are recognized when the Company has a present obligation, either legal or constructive, as a result of a past event; when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and; when the amount of the obligation can be estimated reliably. When the Company expects reimbursement of some or all of the expenditure required to settle a provision, the entity recognizes a separate asset for the reimbursement only when it is virtually certain that reimbursement will be received when the obligation is settled.

The amount of the provision recognized is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. A provision is measured using the cash flows estimated to settle the present obligation; its carrying amount is the present value of those cash flows.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingent liabilities are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

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

Asset Retirement Obligation

The Company is required under local regulatory requirements to dismantle certain machinery and equipment and restore the leased site at the end of the lease contract term. Decommissioning costs are provided for at the present value of expected costs to settle the obligation using the estimated cash flow and are recognized as part of the cost of the relevant asset. The cash flows are discounted at the current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed in profit or loss as a finance costs. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, or in the discount rate applied, are added to or deducted from the costs of the asset.

Equity

Share Capital

Capital stock is classified as equity when there is no obligation to the transfer of cash or other assets. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from the proceeds, net of tax.

Deficit

Deficit includes all the accumulated losses of the Company, dividends declared and share issuance costs.

Revenue Recognition

Revenue recognition from contracts with customer prior to January 1, 2018

The Company recognizes revenue from contracts with customer which pertains to generation of electricity at a point in time when control of the goods or services are transferred to the customers at an amount that reflects the consideration to which the Company expects to be settled in exchange for the services, excluding amounts collected on behalf of third parties.

Revenue recognition from contracts with customer effective January 1, 2018

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for services provided in the normal course of business and is generally recognized when the outcome of the transaction involving the rendering of services can be estimated reliably. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied: (a) the amount of revenue can be measured reliably; (b) it is probable that the economic benefits associated with the transaction will flow to the entity; and (c) the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of solar energy

Sale of solar energy is recognized whenever the electricity generated by the Company is transmitted through the transmission line designated by the buyer for a consideration. Revenue from sale of electricity is based on the applicable Feed-in Tariff (FIT) rate as approved by the Energy Regulatory Commission (ERC). Revenue from sale of electricity is recognized monthly based on the actual energy delivered.

Renewable Energy Credits

A renewable energy credits, or REC, is a market-based instrument that represents the property rights to the environmental, social and other non-power attributes of renewable electricity generation. RECs are issued when one megawatt-hour (MWh) of electricity is generated and delivered to the electricity grid from a renewable energy resource. These credits represent the renewable energy resources associated with power production. The credit can be sold, bartered or traded and the green energy credits represent the source of the energy produced.

Interest income

Interest income is accrued on a time proportion basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. Interest income is recognized using the effective interest method.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when decrease in future economic benefit related to a decrease in an asset or an increase in a liability has arisen that can be measured reliably. Costs and expenses are recognized in profit or loss on the basis of a direct association between the costs incurred and the earning of specific items 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 an expenditure produces no future economic benefits or when, and to the extent that, future economic benefits do not qualify or cease to qualify, for recognition in the statement of financial position as an asset.

Costs and expenses in the statement of total comprehensive income are presented using the function of expense method. Direct costs are expenses incurred that are associated with the services rendered. Operating expenses are costs attributable to administrative and other business activities of the Company.

Borrowing Costs
Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the entity incurs in connection with the borrowing of funds.

Borrowing costs are capitalized from the commencement of the development work until the date of practical completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

Leases

Company 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 an expense in the statement of total comprehensive income on a straight-line basis while the variable rent is recognized as an expense based on terms of the lease contract.

Related Party Relationships and Transactions
Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities which are under common control with the reporting enterprise, or between, and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

Foreign Currency Transactions
Transactions in foreign currencies are translated to Philippine peso, the functional currency of the Company, at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortized cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortized cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are translated to the functional currency at the exchange rate at the date of transaction.

Foreign currency differences arising on translation are recognized in profit or loss, except for differences arising on the translation of qualifying cash flow hedges, which are recognized directly in equity.

Income Tax
Income tax expense for the year comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax expense is calculated on the basis of the tax laws enacted at the reporting date. Management periodically evaluates positions in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax losses (net operating loss carryover or NOLCO) and unused tax credits (excess minimum corporate income tax or MCIT) to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses and unused tax credits can be utilized. The Company reassesses at each reporting date the need to recognize a previously unrecognized deferred income tax asset.

Deferred income tax assets and liabilities are offset when there is legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority and the same taxable entity.

Events after the Reporting Period
The Company identifies events after the end of the reporting period as those events, both favorable and unfavorable, that occur between the end of the reporting period and the date when the financial statements are authorized for issue. The financial statements of the Company are adjusted to reflect those events that provide evidence of conditions that existed at the end of the reporting period. Non-adjusting events after the end of the reporting period are disclosed in the notes to the financial statements when material.

20. Financial Risk and Capital Management Objective and Policies

The Company's activities expose it to a variety of financial risks from its use of financial instruments: market risk, credit risk, and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company. The policies for managing specific risks are summarized below.

The BOD has overall responsibility for the establishment and oversight of the Company's risk management framework. It monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. Risk management policies and systems are reviewed regularly to reflect changes in market conditions.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, security price and foreign exchange rates, will affect the Company's total comprehensive income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk

Interest rate risk involves the movements of rates across yield curves of one or more instruments. The principal risk to which financial instruments are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instrument because of a change in market interest rates. The Company manages its resources and liabilities so as to ensure that exposure to fluctuations in interest rates are kept within acceptable limits.

The primary source of the Company's interest rate risk relates to trade receivables and long-term borrowings.

Interest income from trade receivables amounted to P7,078,931 and P3,614,016 in 2018 and 2017, respectively (see Note 15).

Based on the sensitivity analysis performed, the impact on profit of a 10% change in interest rates related to trade receivables would have been a maximum increase/decrease of P707,794 and P361,402 for 2018 and 2017, respectively.

On the other hand, the sensitivity to a reasonably possible 8% increase in the interest rates related to long-term borrowings, with all other variables held constant, would have decreased the Company's profit before tax (through the impact on floating rate borrowings) by P7.01 million and P8.35 million for the years ended December 31, 2018 and 2017, respectively.

Foreign exchange risk

The Company undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise with respect to transactions denominated in US dollar. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. The risk management objective with respect to foreign currency risk is to reduce or eliminate earnings volatility and any adverse impact on equity.

Information on the Company's foreign currency-denominated monetary assets and monetary liabilities and their Philippine peso equivalents is as follows:

	2018		2017	
	US dollar Deposit	**Peso Equivalent**	US dollar Deposit	Peso Equivalent
Assets				
Cash and cash equivalents	**$601**	**P31,712**	$778,683	P38,879,642
Liabilities				
Trade and other payables	-	-	1,867,733	93,255,909
Loan payable to a shareholder	-	-	5,580,218	278,620,285
Due to SREC	-	-	2,800,000	139,804,000
	-	-	10,247,951	511,680,194
Net foreign currency-denominated monetary asset (liability)	**$601**	**P31,712**	($9,469,268)	(P472,800,552)

The closing rates applicable as at December 31, 2018 and 2017 are P52.724 and P49.923 to US$1, respectively.

The Company reported net gains and losses on foreign exchange amounting to P3,906,498 and P4,787,445 for the year ended December 31, 2018 and 2017, respectively, with the translation of its foreign currency-denominated assets and liabilities (see Note 15).

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5.61% change in foreign currency rates. A 5.61% weakening of Philippine against the US dollar will have an increase in net income or decrease in net loss amounting to P1,779 and P26,527,139 in 2018 and 2017, respectively. For a 5.61% strengthening of the Philippine peso against the US dollar, there would be an equal and opposite impact on the net income/loss.

Credit risk

Credit risk represents the risk of loss the Company would incur if credit customers and counterparties fail to perform their contractual obligations. The Company's credit risk arises principally from its cash in banks, trade and other receivables and advances to related parties.

The Company trades only with the government. It is the Company's policy that all counter parties who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis resulting to the Company's insignificant exposure to bad debts.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses (ECL). The provision rate based on days past due of all customers as they have similar loss patterns. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity. As at December 31, 2018, no exposure at default amounts has been assessed by the management as the balances are historically current and payment patterns have not changed. Accordingly, no ECL has been provided as at December 31, 2018.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at December 31, 2018 and 2017 are as follows:

	Note	**2018**	2017
Cash and cash equivalents	*3*	**P86,794,440**	P185,648,375
Trade and other receivables	*4*	**63,454,407**	239,802,061
Due from related parties	*9*	**-**	1,312,776
Refundable deposits*	*5,17*	**8,359,851**	6,609,851
		P158,608,698	P433,373,063

**presented under prepayments and other current assets and other non-current assets*

The aging analyses of financial assets are as follows:

	2018						
	Neither past due nor impaired	Past due but not impaired: Less than 30 days	31-60 days	61-90 days	Over 90 days	Past Due and Impaired	Total
Cash and cash equivalents	P86,794,440	P -	P -	P -	P -	P -	P86,794,440
Trade and other receivables	56,768,392	6,686,015	-	-	-	-	63,454,407
Refundable deposits*	8,359,851	-	-	-	-	-	8,359,851
Total	P151,922,683	P6,686,015	P -	P -	P -	P -	P158,608,698

	2017						
	Neither past due nor impaired	Past due but not impaired: Less than 30 days	31-60 days	61-90 days	Over 90 days	Past Due and Impaired	Total
Cash and cash equivalents	P185,648,375	P -	P -	P -	P -	P -	P185,648,375
Trade and other receivables	239,802,061	-	-	-	-	-	239,802,061
Due from related parties	1,312,776	-	-	-	-	-	1,312,776
Refundable deposits*	6,609,851	-	-	-	-	-	6,609,851
Total	P433,373,063	P -	P -	P -	P -	P -	P433,373,063

**presented under prepayments and other current assets and other non-current assets*

The table below shows the credit quality of the Company's financial assets that are neither past due nor impaired and past due but not impaired based on historical experience with the corresponding third parties:

	Grade A	Grade B	Total
2018			
Cash and cash equivalents	P86,794,440	P -	P86,794,440
Trade and other receivables	63,454,407	-	63,454,407
Refundable deposits*	8,359,851	-	8,359,851
	P158,608,698	P -	P158,608,698

Forward

	Grade A	Grade B	Total
2017			
Cash and cash equivalents	P185,648,375	P -	P185,648,375
Trade and other receivables	239,802,061	-	239,802,061
Due from related parties	1,312,776	-	1,312,776
Refundable deposits*	6,609,851	-	6,609,851
	P433,373,063	P -	P433,373,063

** presented under prepayments and other current assets and other non-current assets*

Credit ratings were determined as follows:

- "Grade A"
  This includes financial assets pertaining to those assets held by either the government, counterparties with good credit standing, or loans and receivables that are consistently paid before the maturity date.

- "Grade B"
  This includes receivables that are past due but are still collectible within 12 months.

Liquidity Risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatch of the maturities of financial liabilities.

The Company's objective is to maintain continuity of funding. The Company's liquidity risk management policy is to maintain sufficient cash and pre-terminable placements with banks augmented by readily accessible committed credit facilities to cover daily operational and working capital requirements.

The table below summarizes the contractual maturity profile of the Company's non-derivative financial liabilities as at December 31, 2018 and 2017 based on undiscounted payments:

		Contractual Obligation			
	Carrying Amount	Less than One Year	One to Five Years	More than Five Years	Total
2018			(In Thousand Pesos)		
Financial Assets					
Cash and cash equivalents	**P86,794,440**	**P86,794,440**	**P -**	**P -**	**P86,794,440**
Trade and other receivables	**63,454,407**	**63,454,407**	**-**	**-**	**63,454,407**
Refundable deposits	**8,359,851**	**6,580,541**	**-**	**1,779,310**	**8,359,851**
	P158,608,698	**P156,829,388**	**P -**	**P1,779,310**	**P158,608,698**
Financial Liabilities					
Trade and other payables*	**P25,417,029**	**P25,417,029**	**P -**	**P -**	**P25,417,029**
Loans payable	**1,227,272,727**	**187,997,343**	**839,619,448**	**549,047,832**	**1,576,664,623**
	P1,252,689,756	**P213,414,372**	**P839,619,448**	**P549,047,832**	**P1,602,081,652**
Net asset (liquidity) gap	**(P1,094,081,058)**	**(P56,584,984)**	**(P839,619,448)**	**(P547,268,522)**	**(P1,443,472,954)**

	Carrying Amount	Contractual Obligation Less than One Year	One to Five Years	More than Five Years	Total
2017			(In Thousand Pesos)		
Financial Assets					
Cash and cash equivalents	P185,648,375	P185,648,375	P -	P -	P185,648,375
Trade and other receivables	239,802,061	239,802,061	-	-	239,802,061
Due from related parties	1,312,776	1,312,776	-	-	1,312,776
Refundable deposits	6,609,851	6,609,851	-	-	6,609,851
	P433,373,063	P433,373,063	P -	P -	P433,373,063
Financial Liabilities					
Trade and other payables*	P97,757,849	P97,757,849	P -	P -	P97,757,849
Due to related parties	140,957,540	-	140,957,540	-	140,957,540
Loans payable	1,761,181,408	193,072,080	705,839,644	862,269,684	1,761,181,408
Loan payable to a shareholder	289,883,300	289,883,300	-	-	289,883,300
	P2,289,780,097	P580,713,229	P846,797,184	P862,269,684	P2,289,780,097
Net asset (liquidity) gap	(P1,856,407,034)	(P147,340,166)	(P846,797,184)	(P862,269,684)	(P1,856,407,034)

**Excluding due to government agencies.*

The Company's objective is to maintain continuity of funding. The Company's liquidity risk management policy is to maintain sufficient cash and pre-terminable placements with banks augmented by readily accessible committed credit facilities to cover daily operational and working capital requirements.

Management believes that its operations can generate sufficient funds that are available to pay its maturing obligations.

Capital Management

The Company maintains a sound capital base to ensure its ability to continue as a going concern, thereby continue to provide returns to stockholders and benefits to other stakeholders and to maintain an optimal capital structure to reduce cost of capital.

The Company manages its capital structure and makes adjustments in the light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, pay-off existing debts, return capital to shareholders or issue new shares.

The capital structure of the Company consists of equity, which comprises of issued capital and deficit.

The Company monitors capital on the basis of debt-to-equity ratio, which is calculated as total debt divided by total equity. Total debt is defined as short-term and long-term bank borrowings less cash and bank balances, while equity is total equity and aggregate advances from shareholders as shown in the statement of financial position.

The BOD has overall responsibility for monitoring capital in proportion to risk. Profiles for capital ratios are set in the light of changes in the external environment and the risks underlying the Company's business, operation and industry.

In 2016, the Company availed P1.35 billion loan agreement from a local financial institution. The gearing ratios as at December 31, 2018 and 2017 were as follows:

	2018	2017
Total debt	**P1,129,220,013**	P1,151,408,580
Equity	**392,293,895**	508,960,021
	P2.88:1	P2.26:1

The Company is subject to externally imposed capital requirements related to its loan agreement with the local financial institution (see Note 8).

21. Fair Values of Financial Instruments

Fair Value Estimation
The carrying amounts of cash in banks, trade and other receivables, advances to/from related parties, refundable deposits, trade and other payables approximate their fair values primarily due to the relatively short-term maturities of these financial instruments.

Fair value of loan payable approximates carrying amount since interest is computed using the current incremental lending rates for similar types of loans.

22. Supplementary Information Required by Bureau of Internal Revenue (BIR)

Revenue Regulation No. 15-2010
On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to the Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS. Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the BIR and is not a required part of the basic financial statements.

A. Value-Added Tax (VAT)

Output VAT declared and the revenues upon which the same was based for the year ended December 31, 2018 consist of:

	Gross amount	VAT
Output VAT:		
Zero-rated VAT sales	P431,785,096	P -

The gross revenues shown above are based on gross receipts of the Company for VAT purposes while revenues in the statement of total comprehensive income are measured in accordance with the Company's accounting policy.

Movements in input VAT for the year ended December 31, 2018 are as follows:

Balance at beginning of the year	P6,572,966
Add: Current year's domestic purchases for:	
Purchase of goods other than capital goods	59,594
Domestic purchase of services	2,704,682
Less: Claims for output VAT credit and other adjustments	-
Balance at end of the year	P9,337,242

B. Documentary Stamp Tax (DST)

Documentary stamp taxes paid for the year ended December 31, 2018 consist of:

On insurance	P364,518
Others	90,947
	P455,465

C. Withholding Taxes

Withholding taxes paid, accrued and/or withheld for the year ended December 31, 2018 consist of:

	Accrued	Paid	Total
Expanded withholding tax	P23,604	P2,679,222	P2,702,826

D. All Other Local and National Taxes

Property taxes	P18,101,592
Transfer fees	14,775,769
Local business tax	2,603,815
Energy regulation tax	301,782
License and permit fees	258,945
Local government share	85,186
BIR renewal	500
Other taxes	1,622,694
	P37,750,283

The above local and national taxes and DST are lodged under Taxes and Licenses account in cost of services and operating expenses.

E. Tax Contingencies

On June 6, 2018, the Company received Letter of Authority No. 21A-2018-00000389 from BIR to examine the books and accounts and other accounting records for all internal revenue taxes including DST and other taxes, for the period from January 1, 2017 to December 31, 2017. Management anticipates that this examination will not have an adverse impact on the Company's financial statements.

As at December 31, 2018, information on custom duties and tariff fees, excise taxes and capital gain taxes are not applicable since there are no transactions that the Company would be subject to these taxes.

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STATEMENTS REQUIRED BY RULE 68, PART I SECTION 4, SECURITIES REGULATION CODE (SRC), AS AMENDED ON OCTOBER 20, 2011

The Shareholders and Board of Directors
Enfinity Philippines Renewable Resources Inc.
Room 6A, Philexcel Business Center 1
Philexcel Business Park, M. Roxas Highway
Clark Freeport Zone

We have audited the financial statements of **Enfinity Philippines Renewable Resources Inc.** as at and for the year ended December 31, 2018, on which we have rendered our report dated June 28, 2019. The supplementary information shown in the Schedule of Philippine Financial Reporting Standards effective as at December 31, 2018, as additional component required by Part I, Section 4 of Rule 68 of the Securities Regulation Code, is presented for purposes of filing with the Securities and Exchange Commission and is not a required part of the basic financial statements. Such supplementary information is the responsibility of management and has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, the supplementary information has been prepared in accordance with Part I, Section 4 of Rule 68 of the Securities Regulation Code.

MACEDA VALENCIA & CO.

JOSE T. VALENCIA
Partner
CPA License No. 32659
PTR No. 7394089
Issued on January 31, 2019 at Makati City
SEC Accreditation No. (individual) as general auditor 1535-AR-1 Category A,
Effective until January 30, 2022
SEC Accreditation No. (firm) as general auditors 0196-FR-2;
Effective until March 29, 2020
TIN 119-894-676
BIR Accreditation No. 08-001987-008-2018
Issued on April 6, 2018; effective until April 5, 2021
BOA/PRC Reg. No. 4748, effective until June 26, 2021

June 28, 2019
Makati City

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.

List of Philippine Financial Reporting Standards (PFRS)
Effective as of December 31, 2018

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
Framework for the Preparation and Presentation of Financial Statements Conceptual Framework Phase A: Objectives and qualitative characteristics		✔		
PFRS Practice Statement Management Commentary				✔
Philippine Financial Reporting Standards				
PFRS 1 (Revised)	First-time Adoption of Philippine Financial Reporting Standards			✔
	Amendments to PFRS 1 and PAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate			✔
	Amendments to PFRS 1: Additional Exemptions for First-time Adopters			✔
	Amendment to PFRS 1: Limited Exemption from Comparative PFRS 7 Disclosures for First-time Adopters			✔
	Amendments to PFRS 1: Severe Hyperinflation and Removal of Fixed Date for First-time Adopters			✔
	Amendments to PFRS 1: Government Loans			✔
	Amendments to PFRS 1: Borrowing costs			✔
	Amendments to PFRS 1: Meaning of 'Effective PFRSs'*	**Not early adopted**		
PFRS 2	Share-based Payment			✔
	Amendments to PFRS 2: Vesting Conditions and Cancellations			✔
	Amendments to PFRS 2: Group Cash-settled Share-based Payment Transactions			✔
	Amendments to PFRS 2: Definition of Vesting Conditions			✔
	Amendments to PFRS 2: Classification and Measurement of Share-based Payment Transactions			✔
PFRS 3	Business Combinations			✔
	Amendments to PFRS 3: Accounting for contingent consideration in a business combination			✔
	Amendment to PFRS 3: Scope exceptions for joint ventures			✔
PFRS 4	Insurance Contracts			✔
	Amendments to PFRS 4: Financial Guarantee Contracts			✔
PFRS 5	Non-current Assets Held for Sale and Discontinued Operations			✔
	Amendments to PFRS 5: Changes in methods of disposal			✔
PFRS 6	Exploration for and Evaluation of Mineral Resources			✔
PFRS 7	Financial Instruments: Disclosures	✔		
	Amendments to PFRS 7: Transition	✔		
	Amendments to PFRS 7: Reclassification of Financial Assets	✔		
	Amendments to PFRS 7: Reclassification of Financial Assets - Effective Date and Transition	✔		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✔		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✔		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✔		
	Amendment to PFRS 7: Servicing contracts			✔
	Amendment to PFRS 7: Applicability of the amendments to PFRS 7 to condensed interim financial statements			✔
	Amendments to PFRS 7: Mandatory Effective Date of PFRS 9 and Transition Disclosures*	✔		
PFRS 8	Operating Segments			✔
	Amendments to PFRS 8: Aggregation of Operating Segments			✔
	Amendment to PFRS 8: Reconciliation of the total of the reportable segments' assets to the entity's assets			✔
PFRS 9	Financial Instruments (2014 version)	✔		
	Amendments to PFRS 9: Mandatory Effective Date of PFRS 9 and Transition Disclosures	✔		
PFRS 10	Consolidated Financial Statements			✔
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✔
	Amendments to PFRS 10: Investment Entities: Applying the Consolidation Exception			✔
	Amendments to PFRS 10: Sale or contribution of assets between an investor and its associate or joint venture*			✔
	Amendment to PFRS 10: Consolidated Financial Statement: PFRS 12: Disclosure of Interest in Other Entities and PAS 28: Investment in Associates and Joint Ventures – Investment Entities: Applying the Consolidation exception			✔
PFRS 11	Joint Arrangements			✔
	Amendments to PFRS 11: Accounting for Acquisitions of Interests in Joint Operations			✔
PFRS 12	Disclosure of Interests in Other Entities			✔
	Amendments to PFRS 12: Investment Entities: Applying the Consolidation Exception			✔
PFRS 13	Fair Value Measurement	✔		
	Amendments to PFRS 13: Short-term receivable and payables	✔		
	Amendments to PFRS 13: Portfolio exception			✔
PFRS 14	Regulatory Deferral Accounts			✔
PFRS 15	Revenue from Contracts with Customers	✔		
PFRS 16	Leases*		**Not early adopted**	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✔		
	Amendment to PAS 1: Capital Disclosures	✔		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
	Amendments to PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✔
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✔		
	Amendments to PAS 1: Clarification of the requirements for comparative information	✔		
	Amendments to PAS 1: Disclosure Initiative	✔		
PAS 2	Inventories			✔
PAS 7	Statement of Cash Flows	✔		
	Amendments to PAS 7: Disclosure initiative	✔		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✔		
PAS 10	Events after the Reporting Period	✔		
PAS 11	Construction Contracts	**Superseded by PFRS 15**		
PAS 12	Income Taxes	✔		
	Amendment to PAS 12: Deferred Tax - Recovery of Underlying Assets	✔		
	Amendments to PAS 12: Recognition of Deferred Tax Assets for Unrealized Losses	✔		
PAS 16	Property, Plant and Equipment	✔		
	Amendment to PAS 16: Classification of servicing equipment			✔
	Amendments to PAS 16: Revaluation method - proportionate restatement of accumulated depreciation			✔
	Amendments to PAS 16 and PAS 38, Clarification of Acceptable Methods of Depreciation and Amortization			✔
	Amendments to PAS 16 and PAS 41, Agriculture: Bearer Plants			✔
PAS 17	Leases	✔		
PAS 18	Revenue	**Superseded by PFRS 15**		
PAS 19	Employee Benefits			✔
	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✔
PAS 19 (Amended)	Employee Benefits			✔
	Amendments to PAS 19: Employee or Third Party Contributions to defined benefit plans			✔
	Amendments to PAS 19: Discount rate for post-employment benefit obligations			✔
PAS 20	Accounting for Government Grants and Disclosure of Government Assistance			✔
PAS 21	The Effects of Changes in Foreign Exchange Rates	✔		
	Amendment: Net Investment in a Foreign Operation			✔
PAS 23 (Revised)	Borrowing Costs	✔		
PAS 24	Related Party Disclosures	✔		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
(Revised)	Amendments to PAS 24: Key management personnel	✔		
PAS 26	Accounting and Reporting by Retirement Benefit Plans			✔
PAS 27 (Amended)	Separate Financial Statements			✔
	Amendments to PFRS 10, PFRS 12 and PAS 27: Investment Entities			✔
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✔
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✔
	Amendment to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture			✔
PAS 29	Financial Reporting in Hyperinflationary Economies			✔
PAS 31	Interests in Joint Ventures			✔
PAS 32	Financial Instruments: Disclosure and Presentation	Superseded by PFRS 9		
	Amendments to PAS 32: Puttable Financial Instruments and Obligations Arising on Liquidation			
	Amendment to PAS 32: Classification of Rights Issues			
	Amendment to PAS 32: Presentation – Tax effect of distribution to holders of equity instrument			
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			
PAS 33	Earnings per Share			✔
PAS 34	Interim Financial Reporting			✔
	Amendments to PAS 34: Interim financial reporting and segment information for total assets and liabilities			✔
	Amendments to PAS 34: Disclosure of Information 'elsewhere in the interim financial report'			✔
PAS 36	Impairment of Assets	✔		
	Amendments to PAS 36: Recoverable Amount Disclosures	✔		
PAS 37	Provisions, Contingent Liabilities and Contingent Assets	✔		
PAS 38	Intangible Assets			✔
	Amendments to PAS 38: Revaluation method - proportionate restatement of accumulated amortization			✔
	Amendments to PAS 16 and PAS 38, Clarification of Acceptable Methods of Depreciation and Amortization			✔
PAS 39	Financial Instruments: Recognition and Measurement	Superseded by PFRS 9		
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			
	Amendments to PAS 39: The Fair Value Option			
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives	**Superseded by PFRS 9**		
	Amendment to PAS 39: Eligible Hedged Items			
	Amendments to PAS 39: Recognition and Measurement on Novation of Derivatives			
PAS 40	Investment Property			✔
	Amendments to PAS 40: Clarifying the interrelationship between PFRS 3 and PAS 40 when classifying property as investment property or owner-occupied property			✔
PAS 41	Agriculture			✔
	Amendments to PAS 41, Agriculture: Bearer Plants			✔
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✔
IFRIC 2	Members' Share in Co-operative Entities and Similar Instruments			✔
IFRIC 4	Determining Whether an Arrangement Contains a Lease			✔
IFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds			✔
IFRIC 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment			✔
IFRIC 7	Applying the Restatement Approach under PAS 29 Financial Reporting in Hyperinflationary Economies			✔
IFRIC 8	Scope of PFRS 2			✔
IFRIC 9	Reassessment of Embedded Derivatives			✔
	Amendments to Philippine Interpretation IFRIC–9 and PAS 39: Embedded Derivatives			✔
IFRIC 10	Interim Financial Reporting and Impairment			✔
IFRIC 11	PFRS 2- Group and Treasury Share Transactions			✔
IFRIC 12	Service Concession Arrangements			✔
IFRIC 13	Customer Loyalty Programmes			✔
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction			✔
	Amendments to Philippine Interpretations IFRIC- 14, Prepayments of a Minimum Funding Requirement			✔
IFRIC 16	Hedges of a Net Investment in a Foreign Operation			✔
IFRIC 17	Distributions of Non-cash Assets to Owners			✔
IFRIC 18	Transfers of Assets from Customers			✔
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments			✔
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine			✔
IFRIC 21	Levies			✔
IFRIC 22	Foreign Currency Transactions and Advance Consideration			✔
IFRIC 23	Uncertainty over Income Tax Treatments*	**Not early adopted**		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2018		Adopted	Not Adopted	Not Applicable
SIC-7	Introduction of the Euro			✔
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✔
SIC-12	Consolidation - Special Purpose Entities			✔
	Amendment to SIC - 12: Scope of SIC 12			✔
SIC-13	Jointly Controlled Entities - Non-Monetary Contributions by Venturers			✔
SIC-15	Operating Leases - Incentives			✔
SIC-21	Income Taxes – Recovery of Revalued Non-Depreciable Assets			✔
SIC-25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders			✔
SIC-27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease			✔
SIC-29	Service Concession Arrangements: Disclosures.			✔
SIC-31	Revenue - Barter Transactions Involving Advertising Services			✔
SIC-32	Intangible Assets - Web Site Costs			✔
PIC 2016-02	PAS 32 and PAS 38: Accounting Treatment of Club Shares Held by an Entity			✔

* These are standards, interpretations and amendments to existing standards that have been issued but not yet effective as at December 31, 2018.

The standards and interpretations that are labeled as "Not Applicable" are already effective as at December 31, 2018 but will never be relevant/applicable to the Company or are currently not relevant to the Company because it has currently no related transactions.

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
(A Wholly-owned Subsidiary of Citicore Renewable Energy Corporation)

UNAUDITED FINANCIAL STATEMENTS
December 31, 2018

TENTATIVE

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
(A Wholly-owned Subsidiary of Citicore Renewable Energy Corporation)
UNAUDITED STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2018
(Amounts in Philippine Pesos)

ASSET	
Current Asset	
Cash and cash equivalents	86,794,440
Trade receivables	62,825,982
Prepayments and other current assets	19,297,029
Total Current Assets	**168,917,451**
Non-current Asset	
Property, plant and equipment - net	1,521,770,756
Total Non-current Assets	**1,521,770,756**
Total Assets	**1,690,688,207**
LIABILITY AND EQUITY	
Current Liability	
Trade and other payables	71,979,986
Loans payable - current	122,727,273
Total Current Liabilities	194,707,258
Non-current Liability	
Loans payable - non-current	1,093,287,180
Other non-current liabilities	6,201,883
Total Non-current Liabilities	1,099,489,063
Total Liabilities	**1,294,196,321**
Equity	
Capital stock	539,999,999
Deficit	(143,508,114)
Total Equity	**396,491,886**
Total Liabilities and Equity	**1,690,688,207**

TENTATIVE

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
(A Wholly-owned Subsidiary of Citicore Renewable Energy Corporation)
UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2018
(Amounts in Philippine Pesos)

REVENUES	**260,381,466**
COST OF SALE	113,787,619
GROSS PROFIT	**146,593,848**
OPERATING EXPENSES	44,573,194
INCOME FROM OPERATIONS	**102,020,654**
FINANCE COST	(87,676,528)
OTHER INCOME	14,933,669
INCOME BEFORE INCOME TAX	**29,277,794**
INCOME TAX EXPENSE	788,390
NET INCOME / TOTAL COMPREHENSIVE INCOME	**28,489,405**

JMR Accounting Office
Audit, Accounting, Compliance, Advisory

Your Success, is Our Business....

CERTIFICATE ON THE COMPILATION SERVICES FOR THE PREPARATION OF THE FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS

I hereby certify that I am the Certified Public Accountant (CPA) who performed the compilation services related to the preparation and presentation of financial information of an entity in accordance with an applicable financial reporting framework and reports as required by accounting and auditing standards for **ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.** for the period ending **December 31, 2018.**

These financial statements and the accuracy and completeness of the information used to compile them are the management's responsibility. Since a compilation engagement is not an assurance engagement, I am not required to verify the accuracy or completeness of the information provided to me to compile.

In discharging this responsibility, I hereby declare that:

I am the compiler of **ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.** and was contracted to perform this service.

Furthermore, in my compilation services for the preparation of the Financial Statements and Notes to Financial Statements, I was not assisted by or did not avail of the services of **Maceda Valencia & Co.**, the external auditor who rendered the audit opinion for the said Financial Statements and Notes to Financial Statements.

I hereby declare, under penalties of perjury and violation of Republic Act No. 9298, that my statements are true and correct.

Joel M. Raz
Certified Public Accountant
CPA Cert. No 101243
TIN 920-538-875-000
BOA Accreditation No. 2441 valid from 09-18-2017 to 01-31-2020
BIR Accreditation No. AN: 09-005978-001-2017 valid from 12-28-2017 to 12-27-2020
PTR No. 5323192, Issued on 1-04-2019 at Lipa

BUREAU OF INTERNAL REVENUE
RDO 21A North Pampanga
RECEIVED
APR 2 5 2019
ROWEL C. ALAYAN
Administrative Section

2nd Flr. K-Pointe Arcade, T.M. Kalaw St., Lipa City
e-mail: joelrazcpa23@gmail.com
Tel. No. 043 740 6205
Mobile Nos. 0917 829 7929/09088113176

BOARD OF INVESTMENTS
PHILIPPINES

DEPARTMENT OF TRADE & INDUSTRY PHILIPPINES

Masterlist Item No. 2800 p. 100

CE No. 2019 - 000362

CERTIFICATE OF INCOME TAX HOLIDAY ENTITLEMENT

For Taxable Year 2018

This is to certify that **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC.** is registered with the Board of Investments and entitled to Income Tax Holiday (ITH) provided under Section 15(a) of Republic Act No. 9513, otherwise known as Renewable Energy Act of 2008, as follows:

Registration No./Date	2015-222 / 16 October 2015
Tax Identification No. (TIN)	007-813-849-000
Registered Activity	Renewable Energy Developer of Solar Energy Resources (Clark Solar Power Project)
Registered Capacity	24.55 MWp
Start of Commercial Operations (per STC)	February 2016
Actual Start of Commercial Operation (per DOE Certification)	12 March 2016
ITH Entitlement Period	Seven (7) years from 12 March 2016 to 11 March 2023

This Certificate is issued pursuant to *Revenue Memorandum Circular No. 14-2012* dated 4 April 2012, requiring the submission of the certificate ITH entitlement within thirty (30) days from filing of the Income Tax Return as a requirement for the enjoyment of the ITH incentive.

This Certificate is valid for taxable year 2018.

Issued this 1st day of March 2019 at Makati City.

ATTY. ELYJEAN DC PORTOZA
OIC, Director
Legal and Compliance Service

Copy furnished:
Bureau of Internal Revenue
BOI-Incentives Administration Service

RDB / LAO

Department of Trade and Industry
03/05/19
327809

BUREAU OF INTERNAL REVENUE RDO 21A North Pampanga
RECEIVED
APR 25 2019
ROWEL C. ALAYAN
Administrative Section

Accountable Form No. 51
Revised September, 2018

ORIGINAL

OFFICIAL RECEIPT
Republic of the Philippines

boi
PHILIPPINES
BOARD OF INVESTMENTS

BOARD OF INVESTMENTS
385 Sen Gil J. Puyat Avenue, Makati City 1200, Philippines
TIN 000 - 664 - 080 Tel. 897-6682

DATE	NO.
2/28/2019	161336

PAYOR
INFINITY PHILIPPINES RENEWABLE RESOURCES, INC.

NATURE OF COLLECTION	ACCOUNT CODE	AMOUNT
CERTIFICATE OF ITH ENTITLEMENT		1,500.00
TOTAL		*1,500.00*

AMOUNT IN WORDS
"One Thousand Five Hundred and 00/100 only"

Received
☑ Cash
☐ Treasury Warrant
☐ Check
☐ Money Order

Received the Amount Stated Above.

NENETTE A. HENLEY
Collecting Officer

Treasury Warrant, Check, Money Order Number

Date of Treasury Warrant, Check Money Order

Note: Write the number and date of this receipt on the back of treasury warrant,check or money order received

Application No.: ____________
Date Filed: ____________
Time Filed: ____________

PHILIPPINES
ESTMENTS

E OF ITH ENTITLEMENT
T BETWEEN BOI AND BIR

EWABLE RESOURCES, INC.

'ER OF SOLAR ENERGY RESOURCES

. BUSINESS CENTER I, PHILEXCEL BUSINESS
02-8058408
EXTENSION, CLARK FREEPORT ZONE

OUNT
'0.00
'5,041,723

RECEIVED
28 FEB 2019

(02) ...
Contact Details of Representative

MARIE ARCIE M. SERCADO / CORPORATE SECRETARY
Authorized Representative/Position

Payment: ____________
Amount: ____________
Official Receipt No.: ____________
Date: ____________

Pick-up Date: ____________
Time: ____________
Attending SMD Staff: ____________

☐ For Official Acceptance

Deferred Acceptance Due To:
☐ Tree Planting
☐ Increase Paid-up Equity (D/E ratio compliance (T/C#_____)
☐ Unsubmitted Reports
☐ Unpaid Penalty

Note: Always file in duplicate
1 copy for Company File
1 copy for SMD File

Application No.: ________
Date Filed: ________
Time Filed: ________

REPUBLIC OF THE PHILIPPINES
BOARD OF INVESTMENTS

REQUEST FOR CERTIFICATE OF ITH ENTITLEMENT
MEMORANDUM OF AGREEMENT BETWEEN BOI AND BIR

REGISTERED ENTERPRISE: ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC.

CERTIFICATE OF REGISTRATION NO.: 2015-222

DATE REGISTERED: OCTOBER 16, 2015

REGISTERED ACTIVITY: RENEWABLE ENERGY DEVELOPER OF SOLAR ENERGY RESOURCES (Clark Solar Power Plant)

TAX IDENTIFICATION NO: 007-813-849-000

OFFICE ADDRESS/TELEPHONE NO: ROOM GA PHILEXCEL BUSINESS CENTER I, PHILEXCEL BUSINESS PARK, M.A. ROXAS HIGHWAY, CLARK FREEPORT ZONE / 02-8058408

PLANT LOCATION/TELEPHONE NO.: PRINCE BALAGTAS EXTENSION, CLARK FREEPORT ZONE

STATUS: ☐ PIONEER ☒ NON-PIONEER

START OF COMMERCIAL OPERATION: MARCH 12, 2016

ITH AVAILED:

YEAR	AMOUNT
2016	P0.00
2017	P5,041,723

RECEIVED
28 FEB 2019

Taxable year where ITH will be applied 2018.

(02) 470-8998
Contact Details of Representative

MARIE ARCIE M. SERCADO / CORPORATE SECRETARY
Authorized Representative/Position

Payment: ________
Amount: ________
Official Receipt No.: ________
Date: ________

Pick-up Date: ________
Time: ________
Attending SMD Staff: ________

☐ For Official Acceptance

Deferred Acceptance Due To:
☐ Tree Planting
☐ *Increase Paid-up Equity (D/E ratio compliance (T/C#_____)*
☐ Unsubmitted Reports
☐ Unpaid Penalty

SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE (BIR)

On December 28, 2010, Revenue Regulation (RR) No. 15-2010 became effective and amended certain provisions of RR No. 21-2002 prescribing the manner of compliance with any documentary and/or procedural requirements in connection with the preparation and submission of financial statements and income tax returns. Section 2 of RR No. 21-2002 was further amended to include in the Notes to the Financial Statements information on taxes, duties and license fees paid or accrued during the year in addition to what is mandated by PFRS.

Below is the additional information required by RR No. 15-2010. This information is presented for purposes of filing with the Bureau of Internal Revenue and is not a required part of the basic financial statements.

A. Output VAT

The Company has declared zero output VAT on its collection which solely pertains to sale of electricity generated from its solar power plant. The Company is entitled to VAT zero-rating pursuant to its registration with BOI as renewable energy developer under Republic Act 9513.

B. Input VAT

Movements in Input VAT for the year ended December 31, 2018 follows:

Carried-over from previous period	6,572,966
Current year's domestic purchases/payments for:	
Services	2,694,797
Goods other than capital goods	59,594
Balance as at December 31, 2018	9,327,357

C. Other Taxes and Licenses

Other taxes and licenses paid or accrued is consist of the following:

Registration and permits	15,204,849
Real property tax	8,659,637
Local business tax	2,202,928
Energy regulation tax	301,782
Others	1,008,814
Total	27,378,010

D. Withholding Tax

Details of withholding taxes for the year ended December 31, 2018 are as follows:

	Paid	Accrued	Total
Expanded withholding tax	2,680,056	41,684	2,721,739
Final withholding tax	2,399,711		2,399,711
Total	5,079,767	41,684	5,121,451

RECEIVED
APR 25 2019
ROWEL C. ALAYAN
Administrative Section

E. Tax Contingencies

On June 6, 2018, the Company received from BIR a Letter of Authority to conduct examination of the books of accounts and other accounting records for all taxes for the period January 1 to December 31, 2017. There is no final assessment yet as at December 31, 2018.