

COVER SHEET

for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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Company Name

E	N	F	I	N	I	T	Y		P	H	I	L	I	P	P	I	N	E	S		R	E	N	E	W	A	B	L	E
R	E	S	O	U	R	C	E	S		I	N	C	.																

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

P	R	I	N	C	E		B	A	L	A	G	T	A	S		A	V	E	N	U	E								
E	X	T	E	N	S	I	O	N	,		C	L	A	R	K		F	R	E	E	P	O	R	T		Z	O	N	E
P	A	M	P	A	N	G	A																						

Form Type

A	A	F	S
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Department requiring the report

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Secondary License Type, If Applicable

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COMPANY INFORMATION

Company's Email Address

msercado@crec.com.ph

Company's Telephone Number/s

02-8470-8998

Mobile Number

N/A

No. of Stockholders

7 (seven)

Annual Meeting
Month/Day

1st Monday of April

Fiscal Year
Month/Day

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Marie Arcie Anne M. Sercado

Email Address

msercado@crec.com.ph

Telephone Number/s

02-8470-8998

Mobile Number

0947-8905921

Contact Person's Address

9/F, 45 San Miguel Bldg., San Miguel Ave., Ortigas Center, Pasig City

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

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

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

FINANCIAL STATEMENTS
December 31, 2019 and 2018

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, 2019 and 2018, 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.

- (a) 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.



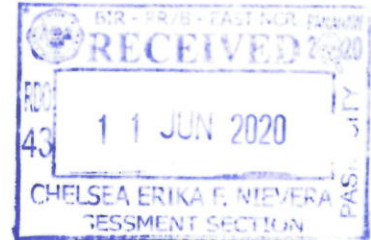
EDGAR B. SAAVEDRA
Chairman of the Board



OLIVER Y. TAN
President



MANUEL LOUIE B. FERRER
Treasurer



Signed this 10th day of March 2020

**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.
Prince Balagtas Avenue Extension
Clark Freeport Zone, Pampanga

We have audited the financial statements of Enfinity Philippines Renewable Resources Inc. as at and for the year ended December 31, 2019, on which we have rendered our report dated March 16, 2020.

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, 2019, we are stating that the Company has two (2) shareholders owning one hundred (100) or more shares.

MACEDA VALENCIA & CO.


ARACELI F. CASELES

Partner

CPA License No. 113583

PTR No. 8139185

Issued on January 14, 2020 at Makati City

SEC Accreditation No. (individual) as general auditor 1779-A Category A;

Effective until September 23, 2022

SEC Accreditation No. (firm) as general auditors 4748-SEC;

Effective until February 17, 2023

TIN 228-154-366-000

BIR Accreditation No. 08-007752-001-2019

Issued on December 19, 2019; effective until December 18, 2022

BOA/PRC Reg. No. 4748, effective until June 26, 2021

March 16, 2020

Makati City

REPORT OF INDEPENDENT AUDITORS

The Shareholders and Board of Directors
Enfinity Philippines Renewable Resources Inc.
Prince Balagtas Avenue Extension
Clark Freeport Zone, Pampanga

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 statements of financial position as at December 31, 2019 and 2018, and the statements of total comprehensive income, statements of changes in equity, and statements of cash flows for the years 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, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the 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 audits 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.

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.

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 audits.

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

Our audits were 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 23 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 audits 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.



ARACELI F. CASELES
Partner

CPA License No. 113583
PTR No. 8139185

Issued on January 14, 2020 at Makati City
SEC Accreditation No. (individual) as general auditor 1779-A Category A;
Effective until September 23, 2022
SEC Accreditation No. (firm) as general auditors 4748-SEC;
Effective until February 17, 2023
TIN 228-154-366-000
BIR Accreditation No. 08-007752-001-2019
Issued on December 19, 2019; effective until December 18, 2022
BOA/PRC Reg. No. 4748, effective until June 26, 2021

March 16, 2020
Makati City



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

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2019 and 2018



	<i>Note</i>	2019	2018
ASSETS			
Current Assets			
Cash and cash equivalents	3	P47,064,583	P86,794,440
Trade and other receivables	4	128,630,106	63,454,407
Prepayments and other current assets	5	11,443,248	12,598,606
Total Current Assets		187,137,937	162,847,453
Non-current Assets			
Property, plant and equipment - net	6	1,449,496,776	1,508,465,997
Right-of-use assets - net	18	41,811,104	-
Other non-current assets	7	8,668,208	10,109,851
Total Non-current Assets		1,499,976,088	1,518,575,848
		P1,687,114,025	P1,681,423,301
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	8	P78,379,762	P73,484,339
Loans payable – current portion	9	120,913,719	120,749,301
Lease liabilities – current portion	18	21,201	-
Total Current Liabilities		199,314,682	194,233,640
Non-current Liabilities			
Loans payable – net of current portion	9	974,342,172	1,095,265,152
Lease liabilities – net of current portion	18	51,410,357	-
Other non-current liabilities	11	1,056,902	10,505,540
Total Non-current Liabilities		1,026,809,431	1,105,770,692
Total Liabilities		1,226,124,113	1,300,004,332
Equity			
Share capital	12	539,999,999	539,999,999
Deficit		(79,010,087)	(158,581,030)
Total Equity		460,989,912	381,418,969
		P1,687,114,025	P1,681,423,301

See Notes to the Financial Statements.



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

STATEMENTS OF TOTAL COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<i>Note</i>	2019	2018
REVENUES	13	P248,010,727	P260,381,466
COST OF SERVICES	14	98,375,976	139,352,363
GROSS PROFIT		149,634,751	121,029,103
OPERATING EXPENSES	15	3,386,831	47,121,074
INCOME FROM OPERATIONS		146,247,920	73,908,029
OTHER EXPENSES - NET	16	(66,676,977)	(60,491,541)
NET INCOME / TOTAL COMPREHENSIVE INCOME		P79,570,943	P13,416,488

See Notes to the Financial Statements.



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

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	Share Capital (Note 12)	Deficit	Total
Balance at January 1, 2018	P539,999,999	(P171,997,518)	P368,002,481
Net income / total comprehensive income for the year	-	13,416,488	13,416,488
Balance at December 31, 2018	539,999,999	(158,581,030)	381,418,969
Net income / total comprehensive income for the year	-	79,570,943	79,570,943
Balance at December 31, 2019	P539,999,999	(P79,010,087)	P460,989,912

See Notes to the Financial Statements.

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

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

	<i>Note</i>	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income		P79,570,943	P13,416,488
Adjustments for:			
Finance costs	<i>16</i>	68,727,061	87,621,767
Depreciation	<i>6,18</i>	61,270,709	71,880,065
Net unrealized foreign exchange loss (gain)	<i>16</i>	60,375	(3,906,498)
Interest income	<i>16</i>	(2,110,459)	(11,653,307)
Other income from reversal of provisions	<i>16</i>	-	(8,070,421)
Other income from recovery of write-off of assets	<i>16</i>	-	(3,500,000)
Operating income before working capital changes		207,518,629	145,788,094
Decrease (increase) in:			
Trade and other receivables		(65,175,700)	179,385,098
Due from related parties		-	1,312,776
Prepayments and other current assets		1,126,049	121,797,064
Other non-current assets		(308,357)	(2,915,060)
Increase (decrease) in:			
Trade and other payables		1,606,079	(44,875,048)
Due to related parties		-	13,956,120
Other non-current liabilities		-	1,053,001
Net cash from operations		144,766,700	415,502,045
Interest received		2,110,459	8,615,864
Income taxes paid		-	(858,351)
Net cash from operating activities		146,877,159	423,259,558
CASH FLOWS FROM AN INVESTING ACTIVITY			
Additions to property, plant and equipment	<i>6</i>	(175,500)	(37,799)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of loan from a financial institution	<i>9</i>	(122,727,273)	(122,727,273)
Interest paid	<i>9,18</i>	(63,469,006)	(100,321,176)
Lease liability payments	<i>18</i>	(235,237)	-
Payments of loan from a shareholder	<i>9,10</i>	-	(299,859,828)
Net cash used in financing activities		(186,431,516)	(522,908,277)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS			
		-	832,583
NET DECREASE IN CASH AND CASH EQUIVALENTS			
		(39,729,857)	(98,853,935)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR			
		86,794,440	185,648,375
CASH AND CASH EQUIVALENTS AT END OF YEAR			
		P47,064,583	P86,794,440

See Notes to the Financial Statements.

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

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.

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.

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 Certificates Authorizing Registration (CAR) for the transfer of shares of Lumos to the Parent Company was issued on March 18, 2019 by the Bureau of Internal Revenue while the issuance of CAR for the transfer of shares of Mabalact Solar is still pending as of reporting date. The Parent Company is engaged in power generation under Renewable Energy Law.

As at December 31, 2019 and 2018, the Company's ultimate parent is Citicore Holdings Investment, Inc., a company incorporated in the Philippines, registered as a holding company engaged in buying and holding shares of other companies.

The registered office address of the Company is located at Prince Balagtas Avenue Extension, Clark Freeport Zone, Pampanga.

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, 2019 were authorized and approved for issuance by the Board of Directors (BOD) on March 16, 2020.

Basis of Measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

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.

For advances to 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.

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 P128,630,106 and P63,454,407 as at December 31, 2019 and 2018, 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

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
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NOTES TO THE FINANCIAL STATEMENTS

materially affected by changes in these estimates brought about by changes in factors mentioned.

In 2019, the BOD approved the change in the estimated useful life of the transmission lines and the solar panel modules from 23 years to 15 to 30 years, respectively. The net effect of the change in useful life is a decrease in depreciation expense amounting to P12.76 million annually (see Note 6).

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, 2019 and 2018, the Company does have contingent legal or constructive obligation that requires provision.

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 as at December 31, 2019 and 2018 (see Note 11).

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.

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

NOTES TO THE FINANCIAL STATEMENTS

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, 2019 and 2018, the Company assessed that there is no indication of impairment on its property, plant and equipment, and other nonfinancial assets.

3. Cash and Cash Equivalents

This account consists of:

	2019	2018
Cash on hand	P31,000	P -
Cash in banks	1,321,944	19,160,403
Short-term placements	45,711,639	67,634,037
	P47,064,583	P86,794,440

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 0.40% to 6.50% in 2019.

Total interest income recognized in profit or loss amounted to P2,075,226 and P2,142,409 in 2019 and 2018, respectively (see Note 16).

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

NOTES TO THE FINANCIAL STATEMENTS

4. Trade and Other Receivables

This account consists of:

	<i>Note</i>	2019	2018
Trade receivables		P36,324,140	P63,454,407
Advances to related parties	10	90,361,870	-
Other receivables		1,944,096	-
		P128,630,106	P63,454,407

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 P35,233 and P7,078,931 in 2019 and 2018, respectively (see Note 16).

Other receivable pertains to a refund from overpaid insurance.

5. Prepayments and Other Current Assets

This account consists of:

	2019	2018
Input VAT	P9,403,280	P9,337,242
Prepaid taxes	1,854,350	1,267,658
Advances to employees	134,976	9,800
Prepaid insurance	9,625	1,983,906
Others	41,017	-
	P11,443,248	P12,598,606

Input VAT represents VAT on purchases of goods and services. 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.

Prepaid taxes include overpayment of regulatory and withholding taxes and unutilized income taxes.

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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, 2019 and 2018							
	Solar Plant and Equipment	Substation and Transmission Lines	Other Plant Equipment	Computer Equipment	Service Vehicle	Construction In Progress	Total	
Cost:								
January 1, 2018	P1,679,236,753	P44,477,618	P97,562	P -	P -	P136,866,866	P1,860,678,799	
Additions	37,799	-	-	-	-	-	37,799	
Disposals	(15,075,150)	-	-	-	-	(136,866,866)	(151,942,016)	
December 31, 2018	1,664,199,402	44,477,618	97,562	-	-	-	1,708,774,582	
Additions	-	-	-	40,000	135,500	-	175,500	
December 31, 2019	1,664,199,402	44,477,618	97,562	40,000	135,500	-	1,708,950,082	
Accumulated depreciation:								
January 1, 2018	125,077,895	3,323,950	26,675	-	-	-	128,428,520	
Depreciation	69,961,153	1,899,400	19,512	-	-	-	71,880,065	
December 31, 2018	195,039,048	5,223,350	46,187	-	-	-	200,308,585	
Depreciation	55,894,971	3,204,430	19,512	10,000	15,808	-	59,144,721	
December 31, 2019	250,934,019	8,427,780	65,699	10,000	15,808	-	259,453,306	
Carrying amount:								
December 31, 2018	P1,469,160,354	P39,254,268	P51,375	P -	P -	P -	P1,508,465,997	
December 31, 2019	P1,413,265,383	P36,049,838	P31,863	P30,000	P119,692	P -	P1,449,496,776	

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STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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.

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).

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

Depreciation is charged as follows:

	<i>Note</i>	2019	2018
Cost of services	14	P59,118,913	P71,880,065
Operating expenses	15	25,808	-
		P59,144,721	P71,880,065

In 2019, the BOD approved the change in the estimated useful life of the transmission lines and the solar panel modules from 23 years to 15 to 30 years, respectively. The net effect of the change in useful life is a decrease in depreciation expense amounting to P12.76 million annually.

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 9).

7. Other Non-Current Assets

This account consists of:

	<i>Note</i>	2019	2018
Electric utility deposits		P6,580,541	P6,580,541
Security deposits	18	1,779,310	1,779,310
Advance rentals	18	-	1,750,000
Others		308,357	-
		P8,668,208	P10,109,851

Electric utility deposits are to be refunded after the service is terminated and all bills have been paid. These were presented under prepayments and other current assets in 2018.

Security deposits and advance rentals are related to the land leased for the solar power plant.

Others pertain to restricted cash deposited in a local bank in pursuant to Energy Regulations No. 1-94. Under the regulation, generation companies and/or energy resource development facilities shall set aside one centavo per kilowatt-hour (P0.01/kWh) of the total electricity as financial benefits of the host communities.

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NOTES TO THE FINANCIAL STATEMENTS

8. Trade and Other Payables

This account consists of:

	<i>Note</i>	2019	2018
Trade payables		P6,647,557	P3,877,615
Interest payable	9	3,690,805	3,975,000
Accrued expenses		1,254,086	6,689,488
Due to government agencies		66,787,314	48,067,310
Advances from related parties	10	-	10,874,926
		P78,379,762	P73,484,339

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

Accrued expenses mainly include utilities, operations and maintenance expenses.

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, Bureau of Internal Revenue for withholding taxes and SSS, HDMF and PHIC for regulatory contributions.

9. Loans Payable

As at December 31, 2019 and 2018, this account consists of:

	2019	2018
Principal amount		
Balance at beginning of year	P1,227,272,727	P1,350,000,000
Payments	(122,727,273)	(122,727,273)
Balance at end of year	1,104,545,454	1,227,272,727
Debt issuance cost:		
Balance at beginning of year	11,258,274	12,943,045
Amortization	(1,968,711)	(1,684,771)
Balance at end of year	9,289,563	11,258,274
Net book value	1,095,255,891	1,216,014,453
Less: Current portion of long-term debt (net of unamortized debt issue cost)	120,913,719	120,749,301
	P974,342,172	P1,095,265,152

Development Bank of the Philippines

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.

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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, 2019, the Company has complied with these covenants.

Total interest expense recognized on the loan amounted to P65.04 million and P70.38 million for the year ended December 31, 2019 and 2018, respectively (see Note 16). Interest expense on the loan includes amortization of debt issuance cost amounting to P1.97 million and P2.53 million, respectively.

As at December 31, 2019 and 2018, accrued interest on the loan amounted to P3,690,805 and P3,975,000, 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, 2019 and 2018 are as follows:

	2019	2018
Loan payable, beginning	P -	P278,620,827
Payments	-	(58,863,289)
Foreign exchange loss	-	23,991,862
Assumed by new shareholder	-	(243,749,400)
Loan payable, ending	P -	P -

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

	<i>Note</i>	2019	2018
Beginning		P7,319,372	P11,262,473
Finance cost recognized in profit and loss during the year	16	-	15,998,080
Foreign exchange gain		-	(946,370)
Payments made		(7,319,372)	(18,994,811)
		P -	P7,319,372

10. 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 December 31, 2019 and 2018					
	Relationship	Year	Transactions	Outstanding balance	Terms and conditions
<i>Advances to (from) related parties</i>					
Citicore Renewable Energy Corporation	Parent Company	2019	P101,236,796	P90,361,870	These advances pertain to the loan and interest payable absorbed by the Intermediate Parent Company (see Notes 1 and 8) and additional advances for working capital purposes. These are unsecured, non-interest bearing, collectible/ payable on demand and are expected to be settled in cash.
		2018	(10,874,926)	(10,874,926)	
SREC	Former Intermediate parent (see Note 1)	2018	139,799,735	-	
Sindicatum Renewable Energy Holdings Philippines Inc.	Former under common control	2018	1,157,805	-	
		2019	P101,236,796	P90,361,870	
		2018	P130,082,614	(P10,874,926)	

No short-term or long-term compensation was paid to key management personnel for the years ended December 31, 2019 and 2018.

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11. Other Non-current Liabilities

This account consists of:

	2019	2018
Provision for asset retirement obligation	P1,056,902	P1,056,902
Provision for lease equalization	-	9,448,638
	P1,056,902	P10,505,540

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.

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 18).

12. 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.

13. 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

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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 P36.32 million and P63.45 million as at December 31, 2019 and 2018, respectively (see Note 4).

14. Cost of Services

This account consists of:

	<i>Note</i>	2019	2018
Depreciation	<i>6,18</i>	P61,244,901	P71,880,065
Taxes and licenses		17,680,499	33,693,409
Operations and maintenance		7,360,805	14,879,599
Utilities		5,051,365	4,916,814
Repairs and maintenance		3,233,916	-
Insurance		2,152,889	3,755,730
Salaries and wages		1,440,549	-
Rental	<i>18</i>	-	9,544,772
Power delivery cost		-	418,532
Spare parts and supplies		-	263,442
Others		211,052	-
		P98,375,976	P139,352,363

15. Operating Expenses

This account consists of:

	<i>Note</i>	2019	2018
Taxes and licenses		P1,775,610	P4,512,339
Dues and subscriptions		674,390	85,663
Bank charge		188,259	54,761
Management and consultancy fees		181,020	37,124,085
Transportation and travel		171,359	217,368
Communication, light and water		123,717	143,568
Charitable contribution		105,000	-
Depreciation	<i>6</i>	25,808	-
Repairs and maintenance		21,401	-
Rental	<i>18</i>	-	476,941
Insurance		-	239,304
Others		120,267	4,267,045
		P3,386,831	P47,121,074

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16. Other Expenses - Net

This account consists of:

	2019	2018
Finance income	P2,110,459	P11,653,307
Finance costs	(68,727,061)	(87,621,767)
Foreign exchange gains (losses) - net	(60,375)	3,906,498
Reversal of provisions	-	8,070,421
Recovery of assets written-off	-	3,500,000
	(P66,676,977)	(P60,491,541)

Finance income consists of:

	<i>Note</i>	2019	2018
Short-term placements and cash in banks	3	P2,075,226	P2,142,409
Late payment of receivables	4	35,233	7,078,931
Discounting of receivables		-	2,431,967
		P2,110,459	P11,653,307

Finance costs consist of:

	<i>Note</i>	2019	2018
Interest on:			
Term loan facility	9	P65,040,217	P70,381,262
Loans from a shareholder	9	-	15,998,080
Interest on lease liabilities	18	3,686,844	-
Discount on receivable from a third party		-	779,257
Financing related fees		-	420,000
Interest accretion on provision for asset retirement obligation		-	43,168
		P68,727,061	P87,621,767

17. 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:

	2019	2018
Net income	P79,570,943	P13,416,488
Income tax using special tax rate	7,957,094	1,341,649
Income tax effects of:		
Nondeductible expense	88,271	89,267
Interest income subjected to final tax	(207,523)	(214,241)
Movement in unrecognized deferred tax asset	(749,751)	(166,436)
Nontaxable income due to ITH	(7,088,091)	-
Other income from reversal of provisions	-	(807,042)
Interest income from time value of money	-	(243,197)
	P -	P -

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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 :

	2019		2018	
	Tax Base	Deferred Tax Assets (Liabilities)	Tax Base	Deferred Tax Assets (Liabilities)
NOLCO	P9,966,459	P996,646	P11,992,459	P1,199,246
Accrued rental	1,890,751	189,075	9,448,638	944,864
Provision for asset retirement obligation	1,056,902	105,690	1,056,902	105,690
MCIT	72,283	72,283	72,656	72,656
Unrealized foreign exchange loss	60,375	6,038	-	-
Asset retirement obligation	(847,149)	(84,715)	(847,149)	(84,715)
	P12,199,621	P1,285,017	P21,723,506	P2,237,741

Deferred tax asset was recognized to the extent of deferred tax liability amounting P84,715 in 2019 and 2018.

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	P2,026,000	P9,966,459	

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 -	P373	P72,283	

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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 that 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 utilization 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 of 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,

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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.

18. Lease

As disclosed in Note 20, the Company adopted PFRS 16, *Leases* effective January 1, 2019 using the modified retrospective approach and opted not to restate comparative information. The Company measured the lease liability at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application and recognized a right-of-use asset at its carrying amount as if the Standard had been applied since the commencement date, but discounted using the incremental borrowing rate at the date of initial application.

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 refundable security deposit is presented under "Other Non-Current Assets" in the statement of financial position (see Note 7).

The carrying amount of right-of-use assets as at December 31, 2019 is shown below.

	2019
Cost	P43,937,092
Accumulated amortization	(2,125,988)
Carrying amount	P41,811,104

A maturity analysis of lease liabilities is reported in the table below:

	2019	2018
Within one year	P21,201	P3,856,086
Between one and five years	1,941,005	21,518,036
More than five years	49,469,352	86,742,609
	P51,431,558	P112,116,731

Amounts recognized in profit or loss:

	<i>Note</i>	2019	2018
Interest expense	16	P3,686,844	P -
Depreciation expense	14	2,125,988	-
Unrealized foreign exchange loss		60,375	-
Rent expense under <i>PAS 17, Leases</i>	14,15	-	10,021,713
		P5,873,207	P10,021,713

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19. Events After the Reporting Period

On March 16, 2020, the Philippine government implemented an Enhanced Community Quarantine throughout Luzon starting March 17 until April 12, 2020, in response to the COVID-19 pandemic. Other parts of the country also declared similar quarantine measures. Management believes that the COVID-19 pandemic is a non-adjusting event. Non-adjusting events do not result in adjustments to the financial statements. As of March 16, 2020, the date the Board approved the financial statements as of December 31, 2019, the effects of the pandemic on the Company's financial statements after the reporting date cannot yet be reasonably determined.

20. 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, 2018, except for the adoption of the following new standards and amended PFRS which became effective January 1, 2019. Unless otherwise indicated, none of these had a significant effect on the financial statements.

- *Annual Improvements to PFRS Cycles 2015 - 2017* contain changes to three standards, of which only the Borrowing Costs Eligible for Capitalization (Amendments to PAS 23, *Borrowing Costs*) is applicable to the Company. The amendments clarify that the general borrowings pool used to calculate eligible borrowing costs excludes borrowings that specifically finance qualifying assets that are still under development or construction. Borrowings that were intended to specifically finance qualifying assets that are now ready for their intended use or sale, or any non-qualifying assets, are included in that general pool.
- 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.

The Company adopted PFRS 16 using the modified retrospective method effective January 1, 2019 and has not restated comparative information. The Company elected to apply the method to only those that were not completed at the date of initial recognition (see Note 18).

- Philippine Interpretation IFRIC 23, *Uncertainty over Income Tax Treatments*, clarifies how to apply the recognition and measurement requirements in PAS 12, *Income Taxes*, when there is uncertainty over income tax treatments. Under the interpretation, whether the amounts recorded in the consolidated financial statements will differ to that in the tax return, and whether the uncertainty is disclosed or reflected in the measurement, depends on whether it is probable that the tax authority will accept the Company's chosen tax treatment. If it is not probable that the tax authority will accept the Company's chosen tax treatment, the

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uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty - either the most likely amount or the expected value. The interpretation also requires the reassessment of judgments and estimates applied if facts and circumstances change - e.g. as a result of examination or action by tax authorities, following changes in tax rules or when a tax authority's right to challenge a treatment expires.

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

- Annual Improvements to PFRS Cycles 2015 - 2017 - Previously Held Interest in a Joint Operation (*Amendments to PFRS 3, Business Combinations and PFRS 11, Joint Arrangements*)
- Annual Improvements to PFRS Cycles 2015 - 2017 - Income Tax Consequences of Payments on Financial Instrument Classified as Equity (*Amendments to PAS 12*).
- Plan Amendment, Curtailment or Settlement (*Amendments to PAS 19, Employee Benefits*).
- Prepayment Features with Negative Compensation (*Amendments to PFRS 9*).
- Long-term Interests (LTI) in Associates and Joint Ventures (*Amendments to PAS 28*).

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, 2019 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, 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.

- 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. The amendments are effective for annual reporting periods beginning on or after January 1, 2020. Earlier application is permitted.
- PFRS 17, *Insurance Contracts* provides updated information about the obligation, risks and performance of insurance contracts, increases transparency in financial information reported by insurance companies, and introduces consistent accounting for all insurance contracts based on a current measurement model.

The standard is effective for annual periods beginning on or after January 1, 2021. Early application is permitted for entities that apply PFRS 9 and PFRS 15.

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

Financial Assets and Financial Liabilities

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 fair value through profit or loss (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 fair value through other comprehensive income (FVOCI) and FVPL as at December 31, 2019 and 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 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.

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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 advances to 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.

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The Company's financial liabilities include trade and other payables, finance lease liability and loans payable.

Derecognition of Financial Assets and Financial Liabilities

Financial assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is 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.

Classification of Financial Instruments between Liability and Equity

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.

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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.

Property, Plant and Equipment

Items of property, 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.

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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:

	No. of Years
Solar plant and equipment	30
Substation and transmission lines	15
Other plant equipment	5
Computer equipment	3
Service vehicle	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.

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.

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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

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.

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Sale of solar energy

The Company's main revenue is generation of solar power energy which the management assessed involves a single performance obligation. 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.

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.

Lease

The Company has applied PFRS 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under PAS 17. The details of accounting policies under both PAS 17 and IFRS 16 are presented separately below.

Policies effective 1 January 2019

Company as Lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and

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personal computers, small items of office furniture and telephones). For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

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Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under PAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies PAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy.

Policies effective prior to 1 January 2019

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 statements 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.

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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.

21. 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 P35,233 and P7,078,931 in 2019 and 2018, respectively (see Note 16).

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 P3,523 and P707,794 for 2019 and 2018, respectively.

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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 P5.20 million and P7.01 million for the years ended December 31, 2019 and 2018, 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:

	2019		2018	
	US dollar Deposit	Peso Equivalent	US dollar Deposit	Peso Equivalent
Assets				
Cash and cash equivalents	\$ -	P -	\$601	P31,712
Liabilities				
Lease liabilities	1,190	60,375	-	-
Net foreign currency- denominated monetary asset (liability)	(\$1,190)	(P60,375)	\$601	P31,712

The closing rates applicable as at December 31, 2019 and 2018 are P50.744 and P52.724 to US\$1, respectively.

The Company reported net gains and losses on foreign exchange amounting to P60,375 and P3,906,498 for the year ended December 31, 2019 and 2018, respectively, with the translation of its foreign currency-denominated assets and liabilities (see Note 16).

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 3.76% change in foreign currency rates. A 3.76% weakening of Philippine against the US dollar will have an increase in net income or decrease in net loss amounting to P2,270 and P1,192 in 2019 and 2018, respectively. For a 3.76% 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.

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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, 2019 and 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, 2019 and 2018.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk as at December 31, 2019 and 2018 are as follows:

	<i>Note</i>	2019	2018
Cash and cash equivalents	3	P47,064,583	P86,794,440
Trade and other receivables	4	128,630,106	63,454,407
Refundable deposits*	7	8,359,851	8,359,851
Restricted cash in banks*	7	308,357	-
		P184,362,897	P158,608,698

**presented under other non-current assets*

The aging analyses of financial assets are as follows:

	Neither past due nor impaired	Past due but not impaired				Past Due and Impaired	Total
		Less than 30 days	31-60 days	61-90 days	Over 90 days		
2019							
Cash and cash equivalents	P47,064,583	P -	P -	P -	P -	P -	P47,064,583
Trade and other receivables	128,630,106	-	-	-	-	-	128,630,106
Refundable deposits*	8,359,851	-	-	-	-	-	8,359,851
Restricted cash in banks*	308,357	-	-	-	-	-	308,357
	P184,362,897	P -	P -	P -	P -	P -	P184,362,897
2018							
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
	P151,922,683	P6,686,015	P -	P -	P -	P -	P158,608,698

**presented under other non-current assets*

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

NOTES TO THE FINANCIAL STATEMENTS

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
2019			
Cash and cash equivalents	P47,064,583	P -	P47,064,583
Trade and other receivables	128,630,106	-	128,630,106
Refundable deposits*	8,359,851	-	8,359,851
Restricted cash in banks*	308,357	-	308,357
	P184,362,897	P -	P184,362,897
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

*presented under 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, related parties 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.

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

NOTES TO THE FINANCIAL STATEMENTS

The table below summarizes the contractual maturity profile of the Company's non-derivative financial liabilities as at December 31, 2019 and 2018 based on undiscounted payments:

	Carrying Amount	Contractual Obligation			Total
		Less than One Year	One to Five Years	More than Five Years	
2019					
Financial Assets					
Cash and cash equivalents	P47,064,583	P47,064,583	P -	P -	P47,064,583
Trade and other receivables	128,630,106	128,630,106	-	-	128,630,106
Refundable deposits	8,359,851	-	-	8,359,851	8,359,851
Restricted cash in banks*	308,357	-	-	308,357	308,357
	P184,362,897	P175,694,689	P -	P8,668,208	P184,362,897
Financial Liabilities					
Trade and other payables*	P11,592,448	P11,592,448	P -	P -	P11,592,448
Loans payable	1,104,545,455	179,366,506	650,957,045	545,366,591	1,375,690,142
	P1,116,137,903	P190,958,954	P650,957,045	P545,366,591	P1,387,282,590
Net liquidity gap	(P931,775,006)	(P15,264,265)	(P650,957,045)	(P536,698,383)	(P1,202,919,693)
2018					
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 liquidity gap	(P1,094,081,058)	(P56,584,984)	(P839,619,448)	(P547,268,522)	(P1,443,472,954)

*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.

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

NOTES TO THE FINANCIAL STATEMENTS

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, 2019 and 2018 were as follows:

	2019	2018
Total debt	P1,048,191,308	P1,129,220,013
Equity	460,989,912	392,293,895
	P2:1	P3:1

As at December 31, 2019, the Company is compliant with the capital requirements related to its loan agreement with the local financial institution (see Note 9).

22. Fair Values of Financial Instruments

Fair Value Estimation

The carrying amounts of cash and cash equivalents, 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.

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

NOTES TO THE FINANCIAL STATEMENTS

23. 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, 2019 consist of:

	Gross amount	VAT
Output VAT:		
Zero-rated VAT sales	P274,936,096	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, 2019 are as follows:

Balance at beginning of the year	P9,337,242
Add: Current year's domestic purchases for:	
Domestic purchase of services	66,038
Less: Claims for output VAT credit and other adjustments	-
Balance at end of the year	P9,403,280

B. Documentary Stamp Tax (DST)

Documentary stamp taxes paid for the year ended December 31, 2019 consist of:

On insurance	P266,596
On surety bond	2,406
	P269,002

The above DST is included under Taxes and Licenses account and presented as part of operating expenses.

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

NOTES TO THE FINANCIAL STATEMENTS

C. Withholding Taxes

Withholding taxes paid, accrued and/or withheld for the year ended December 31, 2019 consist of:

	Accrued	Paid	Total
Expanded withholding tax	P764,089	P9,334,140	P10,098,229
Withholding tax on compensation	-	94,892	94,892
	P764,089	P9,429,032	P10,193,121

D. All Other Local and National Taxes

Real property tax	P17,393,961
Local government share	792,981
Energy regulation tax	285,398
License and permit fees	34,520
Local government tax	4,904
Other taxes	675,343
	P19,187,107

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

E. Tax Contingencies

The Company's tax returns for the taxable year 2017 are currently under audit. Management anticipates that the results of the audit will not have an adverse impact on the Company's financial statements.

On January 27, 2020, the Company received Letter of Authority No. 21C-2020-00000081 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, 2018 to December 31, 2018.

As at December 31, 2019, 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.

**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.
Prince Balagtas Avenue Extension
Clark Freeport Zone, Pampanga

We have audited the financial statements of Enfinity Philippines Renewable Resources Inc. as at and for the year ended December 31, 2019, on which we have rendered our report dated March 16, 2020. The supplementary information shown in the Schedule of Philippine Financial Reporting Standards effective as at December 31, 2019, 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.


ARACELI F. CASELES

Partner

CPA License No. 113583

PTR No. 8139185

Issued on January 14, 2020 at Makati City

SEC Accreditation No. (individual) as general auditor 1779-A Category A;

Effective until September 23, 2022

SEC Accreditation No. (firm) as general auditors 4748-SEC;

Effective until February 17, 2023

TIN 228-154-366-000

BIR Accreditation No. 08-007752-001-2019

Issued on December 19, 2019; effective until December 18, 2022

BOA/PRC Reg. No. 4748, effective until June 26, 2021

March 16, 2020
Makati City

ENFINITY PHILIPPINES RENEWABLE RESOURCES INC.
Schedule of Philippine Financial Reporting Standards (PFRS)
Effective as of December 31, 2019

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2019		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	✓		
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 (Revised)	Business Combinations			✓
	Amendments to PFRS 3: Accounting for contingent consideration in a business combination			✓
	Amendment to PFRS 3: Scope exceptions for joint ventures			✓
	Annual Improvements to PFRSs Cycle 2015 – 2017: Previously Held Interest in a Joint Operation			✓
	Amendments to PFRS 3: Definition of a Business*		✓	

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2019				
PFRS 4	Insurance Contracts			✓
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			✓
	Amendments to PFRS 4: Implementation of PFRS 9			✓
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	✓		
	Amendments to PFRS 7: Improving Disclosures about Financial Instruments	✓		
	Amendments to PFRS 7: Disclosures - Transfers of Financial Assets	✓		
	Amendments to PFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	✓		
	Amendments to PFRS 7: Servicing contracts			✓
	Amendments 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			✓
	Amendments to PFRS 8: Reconciliation of the total of the reportable segments' assets to the entity's assets			✓
PFRS 9	Financial Instruments	✓		
	Amendments to PFRS 9: Prepayment Features with Negative Compensation			✓
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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2019				
	Amendments to PFRS 10, PFRS 12, PAS 28: Investment in Associates and Joint Ventures – Investment Entities: Applying the Consolidation exception			✓
PFRS 11	Joint Arrangements			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Annual Improvements to PFRSs Cycle 2015 – 2017: Previously Held Interest in a Joint Operation			✓
PFRS 12	Disclosure of Interests in Other Entities			✓
	Amendments to PFRS 10, PFRS 11, and PFRS 12: Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance			✓
	Amendments to PFRS 10, PFRS 12, and PAS 27 (2011): Investment Entities			✓
PFRS 13	Fair Value Measurement	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Measurement of short-term receivables and payables	✓		
	Annual Improvements to PFRSs 2011 - 2013 Cycle: Scope of portfolio exception	✓		
PFRS 14	Regulatory Deferral Accounts			✓
PFRS 15	Revenue from Contracts with Customers	✓		
PFRS 16	Leases	✓		
PFRS 17	Insurance Contracts*		✓	
Philippine Accounting Standards				
PAS 1 (Revised)	Presentation of Financial Statements	✓		
	Amendment to PAS 1: Capital Disclosures	✓		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			✓
	Amendments to PAS 1: Presentation of Items of Other Comprehensive Income	✓		
	Amendments to PAS 1: Clarification of the requirements for comparative information	✓		
	Amendments to PAS 1: Disclosure initiative	✓		
	Amendments to PAS 1: Presentation of Financial Statements*		✓	
PAS 2	Inventories			✓
PAS 7	Statement of Cash Flows	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2019				
	Amendments to PAS 7: Disclosure Initiative	✓		
PAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	✓		
	Amendments to PAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, Definition of Material*		✓	
PAS 10	Events after the Reporting Period	✓		
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	Not early adopted		
	Annual Improvements to PFRSs Cycle 2015 – 2017: Income Tax Consequences of Payments on Financial Instrument Classified as Equity			✓
PAS 16	Property, Plant and Equipment	✓		
	Amendments 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	Superseded by PFRS 16		
PAS 19	Employee Benefits			✓
PAS 19 (Amended)	Amendments to PAS 19: Actuarial Gains and Losses, Group Plans and Disclosures			✓
	Amendments to PAS 19: Employee or Third Party Contributions to defined benefit plans			✓
	Amendments to PAS 19: Plan Amendment, Curtailment or Settlement			✓
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	✓		
	Annual Improvements to PFRSs Cycle 2015 – 2017: Borrowing Costs Eligible for Capitalization	✓		
PAS 24 (Revised)	Related Party Disclosures	✓		
	Annual Improvements to PFRSs 2010 - 2012 Cycle: Definition of 'related party'	✓		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2019				
	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 (2011): Investment Entities			✓
	Amendments to PAS 27: Equity Method in Separate Financial Statements			✓
PAS 28 (Amended)	Investments in Associates and Joint Ventures			✓
	Amendments of PFRS 10, PFRS 12 and PAS 28: Application of the Consolidation Exception for Investment Entities			✓
	Amendments to PFRS 10 and PAS 28: Sale or Contributions of Assets between an Investor and its Associate or Joint Venture			✓
	Long-term Interests (LTI) in Associates and Joint Ventures			✓
PAS 29	Financial Reporting in Hyperinflationary Economies			✓
PAS 32	Financial Instruments: Disclosure and Presentation	Superseded by PFRS 9		
	Amendments to PAS 32 and PAS 1: Puttable Financial Instruments and Obligations Arising on Liquidation			
	Amendment to PAS 32: Classification of Rights Issues			
	Amendments to PAS 32: Offsetting Financial Assets and Financial Liabilities			
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Financial Instruments Presentation - Income Tax Consequences of Distributions			
PAS 33	Earnings per Share			✓
PAS 34	Interim Financial Reporting			✓
	Annual Improvements to PFRSs 2009 - 2011 Cycle: Interim Financial Reporting - Segment Assets and Liabilities			✓
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		

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS		Adopted	Not Adopted	Not Applicable
Effective as of December 31, 2019				
	Amendments to PAS 39: Transition and Initial Recognition of Financial Assets and Financial Liabilities			
	Amendments to PAS 39: Cash Flow Hedge Accounting of Forecast Intragroup Transactions			
	Amendments to PAS 39: The Fair Value Option			
	Amendments to PAS 39 and PFRS 4: Financial Guarantee Contracts			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets			
	Amendments to PAS 39 and PFRS 7: Reclassification of Financial Assets – Effective Date and Transition			
	Amendments to Philippine Interpretation IFRIC-9 and PAS 39: Embedded Derivatives			
	Amendment to PAS 39: Eligible Hedged Items			
	Amendments to Pas 39: Recognition and Measurement on Novation of Derivatives			
PAS 40	Investment Property			✓
	Amendment to PAS 40: Transfers of Investment Property			✓
PAS 41	Agriculture			✓
	Amendments to PAS 16 and PAS 41: Bearer Plants			✓
Philippine Interpretations				
IFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities			✓
IFRIC 2	Members' Share in Co-operative Entities and Similar 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 10	Interim Financial Reporting and Impairment			✓
IFRIC 12	Service Concession Arrangements			✓
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			✓

PHILIPPINE FINANCIAL REPORTING STANDARDS AND INTERPRETATIONS Effective as of December 31, 2019		Adopted	Not Adopted	Not Applicable
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	✓		
SIC-7	Introduction of the Euro			✓
SIC-10	Government Assistance - No Specific Relation to Operating Activities			✓
SIC-15	Operating Leases - Incentives			✓
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-32	Intangible Assets - Web Site Costs			✓

*These are standards, interpretations and amendments to existing standards that have been issued but not yet effective as at December 31, 2019.

The standards and interpretations that are labeled as "Not Applicable" are already effective as at December 31, 2019 but will never be relevant/applicable to the Company or are currently not relevant to the Company because it has currently no related transactions.

Masterlist Item No. 2800 p.100

CE No. 2020-000965

CERTIFICATE OF INCOME TAX HOLIDAY ENTITLEMENT

For Taxable Year 2019

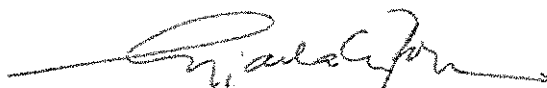
This is to certify that **ENFINITY PHILIPPINES RENEWABLE RESOURCES, INC.** is registered with the Board of Investments and entitled to Income Tax Holiday (ITH) provided under Section 15(a) of Republic Act (RA) No. 9513, otherwise known as Renewable Energy Act of 2008, as follows:

Registration No./Date	2015-222 / 16 October 2015
Tax Identification No. (TIN)	007-813-849-000
Law	RA 9513
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 2019.

Issued this 22nd day of January 2020 at Makati City.


ATTY. ELYJEAN DC PORTOZA
Director
Legal and Compliance Service

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


RDB / LAO

