COVER SHEET
for
SEC FORM 17-Q

SEC Registration Number

0 6 9 - 0 3 9 2 7 4

COMPANY NAME

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA Energy Corporation) AND SUBSIDIARIES

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

4th Floor, 6750 Office Tower
Ayala Avenue, Makati City

Form Type	Department requiring the report	Secondary License Type, If Applicable
17-Q	SEC	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
N/A	7-730-6300	–

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
3,194	04/11	12/31

CONTACT PERSON INFORMATION

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

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Yolanda D. Añonuevo	anonuevo.yd@acenergy.com.ph	7-730-6300	–

CONTACT PERSON's ADDRESS

4th Floor, 6750 Office Tower, Ayala Avenue, Makati City, Philippines 1200

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2019**

2. Commission identification number **39274**

3. BIR Tax Identification No. **000-506-020-000**

4. Exact name of issuer as specified in its charter **AC ENERGY PHILIPPINES, INC. (Formerly PHINMA ENERGY CORPORATION)**

5. Province, country or other jurisdiction of incorporation or organization **Metro Manila**

6. Industry Classification Code: [   ] (SEC Use Only)

7. Address of issuer's principal office   Postal Code
   4th Floor, 6750 Office Tower, Ayala Avenue, Makati City, 1210

8. Issuer's telephone number, including area code **(632) 7-730-6300**

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

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

Number of shares of common stock outstanding	**7,521,774,922 shares**
Amount of debt outstanding	**Php3.63 billion**

11. Are any or all of the securities listed on a Stock Exchange?

    Yes [**X**] No [ ]

    If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
    Philippine Stock Exchange **Common**

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

    Yes [**X**] No [ ]

    (b) has been subject to such filing requirements for the past ninety (90) days.

    Yes [**X**] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to attached ANNEX "A"

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

Please refer to attached ANNEX "B"

PART II--OTHER INFORMATION

Please refer to attached ANNEX "C"

SIGNATURES

Pursuant to the requirements of Section 17 of the Securities Regulation Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Makati on November 11, 2019.

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA ENERGY CORPORATION)

JOHN ERIC T. FRANCIA
President & Chief Executive Officer

MARIA CORAZON G. DIZON
Treasurer & Chief Financial Officer

Annex A

AC Energy Philippines, Inc.
(Formerly PHINMA Energy Corporation)
and Subsidiaries

Unaudited Interim Condensed Consolidated
Financial Statements
As at September 30, 2019
And for the Nine Months Period Ended
September 30, 2019 and 2018
(With Comparative Audited Consolidated
Statement of Financial Position as at
December 31, 2018)

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA ENERGY CORPORATION)
AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

With Comparative Audited Figures as at December 31, 2018
(Amounts in Thousands)

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 4 and 30)	**₱2,938,741**	₱1,022,366
Short-term investment (Note 30)	–	35,326
Financial assets at fair value through profit or loss (FVTPL; Notes 5 and 31)	**759,218**	743,739
Receivables (Notes 6 and 30)	**2,552,492**	2,627,291
Fuel and spare parts (Note 7)	**259,186**	413,673
Current portion of:		
Input value added tax (VAT)	**99,709**	26,332
Creditable withholding taxes	**65,196**	79,443
Other current assets (Note 8)	**149,157**	182,766
	6,823,699	5,130,936
Assets held for sale (Note 9)	**3,546**	34,328
Total Current Assets	**6,827,245**	5,165,264
Noncurrent Assets		
Property, plant and equipment (Note 10)	**5,521,238**	5,760,963
Investments (Note 11)	**4,026,697**	4,322,684
Financial assets at:		
Fair value through other comprehensive income (FVOCI; Notes 12 and 31)	**12,314**	257,995
FVTPL (Notes 5 and 31)	**5,272**	5,452
Investment properties	**13,085**	13,085
Goodwill and other intangible assets (Note 13)	**271,778**	320,219
Deferred income tax assets - net (Note 25)	**465,069**	261,346
Right-of-use assets (Note 3)	**507,772**	–
Net of current portion:		
Input VAT	**335,759**	335,759
Creditable withholding taxes	**800,470**	704,726
Other noncurrent assets (Note 14)	**1,736,559**	1,777,202
Total Noncurrent Assets	**13,696,013**	13,759,431
TOTAL ASSETS	**₱20,523,258**	₱18,924,695

(Forward)

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Notes 15 and 30)	**₱2,915,954**	₱2,269,398
Income and withholding taxes payable	**21,087**	11,762
Due to stockholders (Notes 26 and 30)	**15,179**	16,651
Current portion of long-term loans (Notes 16 and 30)	**273,970**	265,460
Short-term loans (Note 16)	–	400,000
Total Current Liabilities	**3,226,190**	2,963,271
Noncurrent Liabilities		
Long-term loans - net of current portion (Notes 16 and 31)	**4,878,106**	6,071,473
Lease liabilities - net of current portion (Note 3)	**513,962**	–
Pension and other employee benefits	**48,418**	40,246
Deferred income tax liabilities - net	**180,213**	95,180
Other noncurrent liabilities (Note 17)	**1,288,393**	1,383,077
Total Noncurrent Liabilities	**6,909,092**	7,589,976
Total Liabilities	**10,135,282**	10,553,247
Equity		
Capital stock (Note 18)	**7,521,775**	4,889,775
Additional paid-in capital	**83,768**	83,768
Other equity reserves (Note 18)	**(112,516)**	18,338
Unrealized fair value gains (losses) on equity instruments at FVOCI	**(5,634)**	59,772
Remeasurement losses on defined benefit plan	**536**	536
Accumulated share in other comprehensive loss of a joint venture (Note 11)	**(2,107)**	(2,193)
Retained earnings (Note 18)	**2,911,802**	3,303,708
Treasury shares (Note 18)	**(27,704)**	(27,706)
Total equity attributable to equity holders of the Parent Company	**10,369,920**	8,325,998
Non-controlling interests	**18,056**	45,450
Total Equity	**10,387,976**	8,371,448
TOTAL LIABILITIES AND EQUITY	**₱20,523,258**	₱18,924,695

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA ENERGY CORPORATION)
AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Per Share Figures)

	Three Months Ended September 30 (Unaudited)		Nine Months Ended September 30 (Unaudited)	
	2019 (Unaudited)	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
REVENUES				
Sale of electricity (Note 19)	**₱3,218,999**	₱3,499,732	**₱11,529,369**	₱11,602,533
Dividend income	**–**	1,353	**7,585**	8,737
Rental income	**–**	180	**1,358**	495
	3,218,999	3,501,265	**11,538,312**	11,611,765
COST AND EXPENSES				
Cost of sale of electricity (Note 20)	**3,207,307**	3,135,351	**11,506,284**	11,463,217
General and administrative expenses (Note 21)	**110,209**	158,406	**391,256**	508,752
	3,317,516	3,293,757	**11,897,540**	11,971,969
INTEREST AND OTHER FINANCE CHARGES (Note 24)	**(116,384)**	(109,383)	**(352,223)**	(323,231)
EQUITY IN NET INCOME (LOSSES) OF ASSOCIATES AND JOINT VENTURES (Note 11)	**(19,065)**	84,099	**(79,100)**	494,310
OTHER INCOME - NET (Note 24)	**326,596**	66,256	**378,025**	120,545
INCOME (LOSS) BEFORE INCOME TAX	**92,630**	248,480	**(412,526)**	(68,580)
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 25)				
Current	**3,554**	8,035	**18,683**	25,390
Deferred	**(114,282)**	322,277	**(78,114)**	65,514
	(110,728)	330,312	**(59,431)**	90,904
NET INCOME (LOSS)	**₱203,358**	(₱81,832)	**(₱353,095)**	(₱159,484)
Net Income (Loss) Attributable To:				
Equity holders of the Parent Company	**₱203,382**	(₱80,494)	**(₱348,483)**	(₱129,998)
Non-controlling interests	**(24)**	(1,338)	**(4,612)**	(29,486)
	₱203,358	(₱81,832)	**(₱353,095)**	(₱159,484)
Basic/Diluted Earnings (Loss) Per Share (Note 27)	**₱0.03**	(₱0.02)	**(₱0.06)**	(₱0.03)

See accompanying Notes to Interim Condensed Consolidated Financial Statements

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA ENERGY CORPORATION)
AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	Three Months Ended September 30 (Unaudited)		Nine Months Ended September 30 (Unaudited)	
	2019 (Unaudited)	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
NET INCOME (LOSS) FOR THE PERIOD	**₱203,358**	(₱81,832)	**(₱353,095)**	(₱159,484)
OTHER COMPREHENSIVE INCOME (LOSS)				
Other comprehensive income (loss) not to be reclassified directly to profit or loss in subsequent periods				
Net changes in the fair market value of equity instruments at FVOCI	**(2,461)**	(32,893)	**(20,542)**	(29,384)
Income tax effect	**369**	5,153	**2,428**	4,158
	(2,092)	(27,740)	**(18,114)**	(25,226)
Remeasurement losses on defined benefit plan	**–**	–	**–**	(246)
Income tax effect	**–**	–	**–**	74
	–	–	**–**	(172)
Share in other comprehensive income of joint venture and an associate - net of deferred income tax				
Share in other comprehensive income of an associate	**–**	–	**123**	309
Income tax effect	**–**	–	**(37)**	(93)
	–	–	**86**	216
OTHER COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX	**(2,092)**	(27,740)	**(18,028)**	(25,182)
TOTAL COMPREHENSIVE INCOME (LOSS)	**₱201,266**	(₱109,572)	**(₱371,123)**	(₱184,666)
Total Comprehensive Income (Loss) Attributable To:				
Equity holders of the Parent Company	**₱201,290**	(₱108,234)	**(₱366,511)**	(₱155,180)
Non-controlling interests	**(24)**	(1,338)	**(4,612)**	(29,486)
	₱201,266	(₱109,572)	**(₱371,123)**	(₱184,666)

See accompanying Notes to Interim Condensed Consolidated Financial Statements

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA ENERGY CORPORATION)
AND SUBSIDIARIES
INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 18)	Additional Paid-in Capital	Other Equity Reserves (Note 18)	Unrealized Fair Value Gains on AFS Investments	Unrealized Fair Value Gains (Losses) on Equity Investments at FVOCI (Note 12)	Remeasurement Gains (Losses) on Defined Benefit Plan	Accumulated Share in Other Comprehensive Gain (Losses) of a Joint Venture	Retained Earnings (Note 18)	Treasury Shares (Note 18)	Total	Non-controlling Interests	Total Equity
	For the nine-month period ended September 30, 2019 (Unaudited)											
BALANCES AT JANUARY 1, 2018, AS PREVIOUSLY REPORTED	**₱4,889,775**	**₱83,768**	**₱18,338**	**₱–**	**₱59,772**	**₱536**	**(₱2,193)**	**₱3,303,708**	**(₱27,706)**	**₱8,325,998**	**₱45,450**	**₱8,371,448**
Changes on initial application of PFRS 16 (Note 3)	–	–	–	–	–	–	–	(90,715)	–	(90,715)	–	(90,715)
BALANCES AT JANUARY 1, 2018, AS ADJUSTED	4,889,775	83,768	18,338	–	59,772	536	(2,193)	3,212,993	(27,706)	8,235,283	45,450	8,280,733
Net loss	–	–	–	–	–	–	–	(348,483)	–	(348,483)	(4,612)	(353,095)
Other comprehensive income (loss)	–	–	–	–	(18,114)	–	86	–	–	(18,028)	–	(18,028)
Total comprehensive income (loss)	–	–	–	–	(18,114)	–	86	(348,483)	–	(366,511)	(4,612)	(371,123)
Sale of financial assets at FVOCI	–	–	–	–	(47,292)	–	–	47,292	–	–	–	–
Issuance of shares of stocks	2,632,000	–	–	–	–	–	–	–	–	2,632,000	–	2,632,000
Purchase of shares of stocks	–	–	(130,854)	–	–	–	–	–	–	(130,854)	(22,782)	(153,636)
Reissuance of treasury shares	–	–	–	–	–	–	–	–	2	2	–	2
	2,632,000	–	(130,854)	–	(47,292)	–	–	47,292	2	2,501,148	(22,782)	2,478,366
BALANCES AT SEPTEMBER 30, 2019	**₱7,521,775**	**₱83,768**	**(₱112,516)**	**₱–**	**(₱5,634)**	**₱536**	**(₱2,107)**	**₱2,911,802**	**(₱27,704)**	**₱10,369,920**	**₱18,056**	**₱10,387,976**

(Forward)

	Attributable to Equity Holders of the Parent Company											
	Capital Stock (Note 18)	Additional Paid-in Capital	Other Equity Reserves (Note 18)	Unrealized Fair Value Gains on AFS Investments	Unrealized Fair Value Gains (Losses) on Equity Investments at FVOCI (Note 12)	Remeasurement Gains (Losses) on Defined Benefit Plan	Accumulated Share in Other Comprehensive Gain (Losses) of a Joint Venture	Retained Earnings	Treasury Shares (Note 18)	Total	Non-controlling Interests	Total Equity
	For the nine-month period ended September 30, 2018 (Unaudited)											
BALANCES AT JANUARY 1, 2018, AS PREVIOUSLY REPORTED	₱4,889,775	₱83,768	₱18,338	₱85,924	₱–	(₱3,130)	(₱3,413)	₱4,018,980	(₱28,793)	₱9,061,449	₱78,110	₱9,139,559
Changes on initial application of PFRS 9 (Note 3)	–	–	–	(85,924)	99,513	–	–	(9,614)	–	3,975	–	3,975
BALANCES AT JANUARY 1, 2018, AS ADJUSTED	4,889,775	83,768	18,338	–	99,513	(3,130)	(3,413)	4,009,366	(28,793)	9,065,424	78,110	9,143,534
Net loss	–	–	–	–	–	–	–	(129,998)	–	(129,998)	(29,481)	(159,479)
Other comprehensive income (loss)	–	–	–	–	(25,226)	(172)	216	–	–	(25,182)	–	(25,182)
Total comprehensive income (loss)	–	–	–	–	(25,226)	(172)	216	(129,998)	–	(155,180)	(29,481)	(184,661)
Dividends declared	–	–	–	–	–	–	–	(195,591)	–	(195,591)	–	(195,591)
Sale of equity investments	–	–	–	–	–	–	–	59,756	–	59,756	–	59,756
	–	–	–	–	–	–	–	(135,835)	–	(135,835)	–	(135,835)
BALANCES AT SEPTEMBER 30, 2018	₱4,889,775	₱83,768	₱18,338	₱–	₱74,287	(₱3,302)	(₱3,197)	₱3,743,533	(₱28,793)	₱8,774,409	₱48,629	₱8,823,038

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

AC ENERGY PHILIPPINES, INC.
(Formerly PHINMA ENERGY CORPORATION)
AND SUBSIDIARIES

INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	For the Nine Months Ended September 30	
	2019 (Unaudited)	2018 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before income tax	**(₱412,526)**	(₱68,580)
Adjustments for:		
Interest and other finance charges (Note 24)	**352,223**	323,231
Depreciation and amortization (Note 23)	**314,603**	301,405
Loss (gain) on sale of:		
Property, plant and equipment (Note 24)	**(292,737)**	(261)
Asset held for sale (Notes 9 and 24)	**(14,289)**	–
Investments (Notes 11 and 24)	**(1,375)**	–
Derivatives (Note 24)	**–**	21,951
Amortization of trading revenue	**(290,467)**	(296,873)
Equity in net losses (earnings) of associates and joint ventures (Note 11)	**79,100**	(494,310)
Interest and other financial income (Note 24)	**(62,274)**	(63,856)
Provision for:		
Probable losses (Note 13)	**34,493**	48,263
Plug and abandonment costs (Note 21)	**202**	–
Dividend income	**(7,585)**	(8,737)
Pension and other employee benefits	**8,172**	10,352
Foreign exchange loss (gain) - net	**177**	(14,916)
Operating loss before working capital changes	**(292,283)**	(242,331)
Decrease (increase) in:		
Receivables	**74,794**	389,187
Fuel and spare parts	**154,487**	(48,528)
Other current assets	**(37,177)**	(1,150,636)
Creditable withholding taxes and other noncurrent assets	**(101,146)**	141,031
Increase (decrease) in:		
Accounts payable and other current liabilities	**861,107**	430,400
Other noncurrent liabilities	**(24,541)**	(42,542)
Cash generated from (used in) operations	**635,241**	(523,419)
Income taxes paid	**–**	(17,512)
Net cash flows from (used in) operating activities	**635,241**	(540,931)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to:		
Property, plant and equipment (Notes 10 and 33)	**(105,548)**	(73,344)
Investments in associates, subsidiaries and joint venture	**(153,637)**	(12,500)
Deferred exploration costs (Note 13)	**(11,011)**	(3,261)
Financial assets	**–**	(32)

(Forward)

	For the Nine Months Ended September 30	
	2019 (Unaudited)	2018 (Unaudited)
Proceeds from:		
Sale of property, plant and equipment	**₱334,895**	₱261
Sale of equity investments at FVOCI	**227,566**	60,020
Sale of investments (Note 11)	**218,348**	–
Sale of asset held for sale	**45,071**	–
Short-term investments	**35,326**	478,362
Sale and redemption of investments held for trading	**8,839**	329,851
Insurance claim	–	17,448
Settlement of currency forward contracts	–	(12,103)
Interest received	**38,138**	41,009
Dividends received	**7,585**	231,243
Net cash flows from investing activities	**645,572**	1,056,954
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Issuance of shares of stock (Note 18)	**2,632,000**	–
Availment of short-term debt (Note 16)	–	400,000
Payments of:		
Lease liabilities	**(63,769)**	(4,206)
Interest on short-term and long-term loans	**(334,155)**	(374,500)
Short-term loans	**(400,000)**	–
Long-term loans (Note 16)	**(1,196,865)**	(220,236)
Cash dividends	–	(195,591)
Decrease in due to stockholders	**(1,472)**	(41)
Net cash flows from (used in) financing activities	**635,739**	(394,574)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(177)**	14,911
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,916,375**	136,360
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**1,022,366**	1,300,999
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 4)	**₱2,938,741**	₱1,437,359

See accompanying Notes to Interim Condensed Consolidated Financial Statements.

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Amounts in Thousands, Except When Otherwise Indicated)

1. Corporate Information and Status of Operations

AC Energy Philippines, Inc., formerly PHINMA Energy Corporation ("ACEPH" or "the Parent Company"), incorporated on September 8, 1969, and registered with the Philippine Securities and Exchange Commission (SEC), is engaged in power generation and trading, oil and mineral exploration, development and production. The Parent Company is a licensed Retail Electricity Supplier (RES). As a RES, the Parent Company is allowed to supply electricity to the contestable market pursuant to the Electric Power Industry Reform Act. Other activities of the Parent Company include investing in various operating companies and financial instruments.

On February 7, 2019, Philippine Investment Management (PHINMA), Inc., PHINMA Corporation and AC Energy, Inc. (AC Energy) signed an investment agreement for AC Energy's acquisition of PHINMA, Inc. and PHINMA Corporation's combined 51.476% stake in ACEPH via a secondary share sale through the Philippine Stock Exchange (PSE).

On April 15, 2019, the Philippine Competition Commission (PCC) approved the sale of the combined stake of PHINMA, Inc. and PHINMA Corporation in ACEPH to AC Energy. AC Energy made a tender offer for other shareholders on May 20, 2019 to June 19, 2019, with a total of 156,476 public shares of ACEPH tendered during the tender offer period.

On June 24, 2019, the PSE confirmed the special block sale of ACEPH shares to AC Energy. On the same day, AC Energy subscribed to 2.632 billion shares of ACEPH. As of September 30, 2019, AC Energy directly owns 66.34% of the Parent Company's total outstanding shares of stock.

The direct parent company (or intermediate parent company) of ACEPH is AC Energy, while the ultimate parent company is Mermac, Inc. ACEPH is managed by AC Energy under an existing management agreement, which was assigned by PHINMA, Inc. to AC Energy on June 24, 2019. ACEPH, AC Energy and Mermac, Inc. are all incorporated and domiciled in the Philippines. ACEPH and its subsidiaries below are collectively referred to as "the Group".

On July 23, 2019, the Board of Directors (BOD) of ACEPH approved the following amendments to the articles of incorporation of ACEPH: i) Change in corporate name to AC Energy Philippines, Inc. (ACEPH); ii) Change in the principal office of the Parent Company to 4th Floor, 6750 Office Tower, Ayala Ave., Makati City; iii) Increase in authorized capital stock by up to 16 billion shares or from 8,400,000,000 common shares with par value of ₱1.00 to 24,400,000,000 common shares with par value of ₱1.00 for the funding of the Parent Company's turnaround plan. Additional capital will be used for investments in greenfield projects and acquisition of power assets, including part of AC Energy's on-shore power generation and development assets.

During the Annual Stockholders' Meeting held on September 17, 2019, the stockholders approved and adopted the above changes.

The Certificate of Filing of Amended Articles of Incorporation of the Parent Company was issued by the SEC on October 11, 2019 approving the change in corporate name to ACEPH and change in the principal office to 4th Floor, 6750 Office Tower, Ayala Ave., Makati City. Approval for the increase in authorized capital stock is pending as of date.

Among others, during the October 9, 2019 meeting, the following matters were unanimously approved by the Directors present: i) The share swap between the Parent Company and AC Energy and the issuance of shares of stock in the Parent Company in favor of AC Energy in exchange for the latter's shares of stock in its various Philippine subsidiaries and affiliates; and ii) The undertaking of a stock rights offering, subject to applicable regulatory approvals (see Note 34).

The Subsidiaries

Subsidiaries	Updates from December 31, 2018 to November 11, 2019
CIP II Power Corporation (CIPP)	As of November 11, 2019, the Parent Company and CIPP have not filed their application for merger with the SEC and have deferred their plan for merger.
One Subic Oil Distribution Corporation (One Subic Oil)	One Subic Oil has not started commercial operations for its petroleum distribution business as at November 11, 2019.
ACE Enexor, Inc., formerly PHINMA Petroleum and Geothermal, Inc. (ACE Enexor)	ACEPH conducted a Voluntary Tender Offer of ACE Enexor shares from May 20, 2019 to June 19, 2019, with 3,332 ACE Enexor public shares tendered during the tender offer period at ₱2.44 per share. On June 24, 2019, ACEPH acquired the shares of PHINMA Inc. and PHINMA Corporation in ACE Enexor representing 25.18% of ACE Enexor's total outstanding stock, thereby increasing ACEPH's direct ownership of ACE Enexor to 75.92% (see Note 28). On November 11, 2019, the SEC approved the change in corporate name of PHINMA Petroleum and Geothermal, Inc. to ACE Enexor, Inc. ACE Enexor has not started commercial operations as at November 11, 2019.
Palawan55 Exploration & Production Corporation (Palawan 55)	Palawan55 has not started its commercial operations as at November 11, 2019
One Subic Power Generation Corporation (One Subic Power)	Engaged in a material commitment to purchase capital assets during the period (see Note 29).
PHINMA Renewable Corporation (PHINMA Renewable) and PHINMA Power Generation Corporation (PHINMA Power)	No material updates as at November 11, 2019.

The consolidated financial statements of the Group were approved and authorized for issuance by the Parent Company's BOD on November 11, 2019.

2. Basis of Preparation and Consolidation and Statement of Compliance

Basis of Preparation and Statement of Compliance
The consolidated financial statements of the Group as at September 30, 2019 and for the nine months ended September 30, 2019 and 2018 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

The consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at December 31, 2018.

The interim condensed consolidated financial statements of the Group have been prepared solely in relation to a planned capital raising activity and for inclusion in an offering circular.

The consolidated financial statements were prepared on a historical cost basis, except for financial assets at fair value through profit or loss (FVTPL), derivative financial instruments, and equity instruments at fair value through other comprehensive income (FVOCI) that have been measured at fair value. The consolidated financial statements are presented in Philippine Peso which is the Parent Company's functional and presentation currency. All values are rounded off to the nearest thousands (000), except par value, per share amounts, number of shares and when otherwise indicated.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Group as at September 30, 2019 and December 31, 2018. The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company using uniform accounting policies. When necessary, adjustments are made to the separate financial statements of the subsidiaries to bring their accounting policies in line with the Parent Company's accounting policies.

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries as at September 30, 2019 and December 31, 2018:

		Percentage of Ownership (%)			
		September 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
Subsidiaries	Principal Activities	**Direct**	**Indirect**	Direct	Indirect
PHINMA Power	Power generation	**100.00**	**–**	100.00	–
CIPP	Power generation	**100.00**	**–**	100.00	–
PHINMA Renewable	Renewable energy generation	**100.00**	**–**	100.00	–
One Subic Oil	Distribution of petroleum products*	**100.00**	**–**	100.00	–
One Subic Power	Power generation	**–**	**100.00**	–	100.00
ACE Enexor	Oil, gas, and geothermal exploration	**75.92**	**0.40**	50.74	0.40
Palawan55	Oil and gas exploration	**30.65**	**52.93**	30.65	35.46

3. Summary of Significant Accounting Policies and Disclosures

Changes in Accounting Policies and Disclosures
The Group has adopted the following new accounting pronouncements. Adoption of these pronouncements either did not have any significant impact on the Group's financial position or performance unless otherwise indicated. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Starting January 1, 2019

- PFRS 16, *Leases*

  The Group applies, for the first time, PFRS 16, *Leases*. The nature and effect of these changes are disclosed below.

  PFRS 16 supersedes PAS 17, *Leases*, IFRIC 4, *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model.

  Lessor accounting under PFRS 16 is substantially unchanged under PAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in PAS 17. Therefore, PFRS 16 did not have an impact for leases where the Group is the lessor.

  The Group adopted PFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying PAS 17 and IFRIC 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

  The effect [increase/(decrease)] of adoption PFRS 16 as at January 1, 2019 (unaudited) is as follows:

Assets	
Right-of-use assets	₱542,582
Property, plant and equipment	(116,810)
Intangible assets	(24,959)
Prepayments	(4,317)
Deferred tax assets	143,990
Other noncurrent assets	(44,029)
Total Assets	**₱496,457**

(Forward)

Liabilities	
Accounts payable and other current liabilities	₱17,108
Lease liabilities- net of current portion	536,889
Deferred tax liabilities	105,474
Other Noncurrent liabilities	(72,299)
Total Liabilities	**587,172**
Total adjustments to equity	
Retained earnings	(90,715)
	₱496,457

a) **Nature of the effect of adoption of PFRS 16**

The Group has lease contracts for various items of land (for PHINMA Renewable) and power plant (for One Subic Power). Before the adoption of PFRS 16, the Group classified each of these leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group, otherwise it was classified as an operating lease. Finance leases were capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognized as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalized and the lease payments were recognized as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognized under Other current assets and Accounts payable and other current liabilities, respectively. Upon adoption of PFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

- Leases previously classified as finance leases

  The Group did not change the initial carrying amounts of recognized assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognized under PAS 17). The requirements of PFRS 16 were applied to these leases from January 1, 2019.

- Leases previously accounted for as operating leases

  The Group recognized right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognized based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognized based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognized. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

  The Group also applied the available practical expedients wherein it:
  - Used a single discount rate to a portfolio of leases with reasonably similar characteristics

- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application

Operating lease commitments amounted to ₱760.09 million as at December 31, 2018. The weighted average incremental borrowing rate of the Group applied to lease liabilities is 8.14% which resulted to a discounted operating lease commitments amounting to ₱485.20 million recognized as at January 1, 2019.

b) **Summary of new accounting policies**

Set out below are the new accounting policies of the Group upon adoption of PFRS 16:

- *Right-of-use assets*

  The Group recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

- *Lease liabilities*

  At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the remaining lease term. The lease payments include fixed payments (including in-substance fixed payments, as applicable) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

  In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

  The Group has elected to use the two exemptions proposed by the standard on the following contracts:

  a. Lease contracts for which the lease terms ends within 12 months from the date of initial application
  b. Lease contracts for which the underlying asset is of low value

- *Significant judgement in determining the lease term of contracts with renewal options*

  The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

  The Group has the option, under some of its leases to lease the assets for an additional term of five (5) years, subject to mutual agreement with the lessors. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

c) **Amounts recognized in the consolidated statements of financial position and comprehensive income**

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets			Lease
	Land	Power plants	Total	liabilities
As at January 1, 2019 (Unaudited)	**₱167,399**	**₱375,183**	**₱542,582**	**₱572,305**
Amortization expense	(216)	(34,594)	(34,810)	–
Interest expense	–	–	–	42,122
Payments	–	–	–	(63,769)
As at September 30, 2019 (Unaudited)	**₱167,183**	**₱340,589**	**₱507,772**	**₱550,658**

The Group recognized rent expense from short-term leases of ₱10.50 million for the nine months ended September 30, 2019.

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

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

The interpretation specifically addresses the following:
- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
- How an entity considers changes in facts and circumstances

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

The Group applies significant judgement in identifying uncertainties over income tax treatments. Since the Group operates in a complex environment, it assessed whether the Interpretation had an impact on its consolidated financial statements.

Upon adoption of the Interpretation, the Group considered whether it has any uncertain tax positions. The Group determined, based on its tax compliance and assessment, that it is probable that its tax treatments (including those for its subsidiaries) will be accepted by the taxation authorities. The interpretation did not have an impact on the consolidated financial statements of the Group.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group.

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

  Under PFRS 9, a debt instrument can be measured at amortized cost or at fair value through other comprehensive income, provided that the contractual cash flows are 'solely payments of principal and interest on the principal amount outstanding' (the SPPI criterion) and the instrument is held within the appropriate business model for that classification. The amendments to PFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments should be applied retrospectively and are effective from January 1, 2019, with earlier application permitted.

- Amendments to PAS 19, *Employee Benefits, Plan Amendment, Curtailment or Settlement*

  The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to determine the current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event. An entity is also required to determine the net interest for the remainder of the period after the plan amendment, curtailment or settlement using the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event, and the discount rate used to remeasure that net defined benefit liability (asset).

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

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

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

- *Annual Improvements to PFRSs 2015-2017 Cycle*

  - Amendments to PFRS 3, *Business Combinations,* and PFRS 11, *Joint Arrangements*, *Previously Held Interest in a Joint Operation*

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

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

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

    An entity applies those amendments for annual reporting periods beginning on or after January 1, 2019, with early application is permitted.

  - Amendments to PAS 23, *Borrowing Costs, Borrowing Costs Eligible for Capitalization*

    The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

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

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

    An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted.

Starting January 1, 2018

- PFRS 9, *Financial Instruments*

  The Group adopted PFRS 9 with a date of initial application of January 1, 2018. PFRS 9 replaces PAS 39, *Financial Instruments: Recognition and Measurement* and all previous versions of PFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting.

  The Group has applied PFRS 9 using the modified retrospective approach. The Group chose not to restate comparative figures as permitted by the transitional provisions of PFRS 9, thereby resulting in the following impact:
  - Comparative information for prior periods were not restated.
  - The classification and measurement requirements previously applied in accordance with PAS 39 and disclosures required in PFRS 7, *Financial Instruments: Disclosures* were retained for the comparative periods. Accordingly, the information presented for 2017 does not reflect the requirements of PFRS 9.
  - The Group disclosed the accounting policies for both the current period and the comparative periods, one applying PFRS 9 beginning January 1, 2018 and one applying PAS 39 as at December 31, 2017.
  - The difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application were recognized in the opening retained earnings or other component of equity, as appropriate.
  - As comparative information is not restated, the Group is not required to provide a third consolidated statement of financial information at the beginning of the earliest comparative period in accordance with PAS 1, *Presentation of Financial Statements*.

  As at January 1, 2018, the Group has reviewed and assessed all of its existing financial assets.

  Classification and measurement
  The table below illustrates the classification and measurement of financial assets and financial liabilities under PFRS 9 and PAS 39 at the date of initial application. The accounting policies adopted by the Group in its evaluation of the classification and measurement categories under PFRS 9 are discussed subsequently.

The measurement category and the carrying amount of financial assets and liabilities in accordance with PAS 39 and PFRS 9 as at January 1, 2018 are compared as follows:

	PAS 39		**PFRS 9**				
				Remeasurement			
Financial Assets	**Category**	**Amount**	**Reclassification**	**Expected Credit Losses (ECL)**	**Others**	**Amount**	**Category**
Cash and cash equivalents:	Loans and receivables						Amortized cost
Cash on hand and in banks		₱120,897	₱–	₱–	₱–	₱120,897	
Cash equivalents		1,180,102	–	–	–	1,180,102	
		1,300,999	–	–	–	1,300,999	
Short-term investments	Loans and receivables	478,362	–	–	–	478,362	Amortized cost
Equity instruments:	Fair value through profit or loss (FVPL)						FVTPL
Unit Investment Trust Funds (UITFs)		1,329,701	5,340	–	–	1,335,041	
Fixed Rate Treasury Notes (FXTNs)		153,818	–	–	–	153,818	
		1,483,519	5,340	–	–	1,488,859	
Receivables:	Loans and receivables						Amortized cost
Trade receivables		3,706,913	–	(9,668)	–	3,697,245	
Due from related parties		20,314	–	–	–	20,314	
Nontrade and other receivables		134,571	–	–	–	134,571	
Long-term receivables		650,627	–	–	–	650,627	
Deposits receivables		179,674	–	–	–	179,674	
		4,692,099	–	(9,668)	–	4,682,431	
Equity instruments:	AFS investments						FVOCI
UITFs		5,340	(5,340)	–	–	–	
Quoted equity shares*		133,540	–	–	–	133,540	
Unquoted equity shares*		100,977	–	–	16,051	117,028	
Golf club shares*		53,270	–	–	–	53,270	
		293,127	(5,340)	–	16,051	303,838	
Derivative assets	FVPL	9,848	–	–	–	9,848	FVTPL

* As at January 1, 2018, the Group has irrevocably classified AFS investments as FVOCI.

At the date of initial application, the Group holds financial asset with contractual terms that do not represent solely payments of principal and interest amounting to ₱5.34 million. The Group reclassified this from AFS investments to financial assets at FVTPL using its fair value as at January 1, 2018 and the related unrealized gain closed to retained earnings amounted to ₱0.05 million. All gains and losses from changes in fair value and from disposals of UITFs are subsequently recorded in the consolidated statement of income.

The Group has not designated any financial liabilities as at FVTPL. There are no changes in classification and measurement for the Group's financial liabilities.

The Group does not have financial assets and financial liabilities which were previously designated at FVTPL to reduce an accounting mismatch in accordance with PAS 39 and which have been reclassified to amortized cost or FVOCI upon transition to PFRS 9.

Impairment
The adoption of PFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing PAS 39's incurred loss approach with a forward-looking ECL approach. Under PFRS 9, the level of provision for credit and impairment losses has generally increased due to the incorporation of a forward-looking approach in determining provisions. Further, since the implementation of PFRS 9, all financial assets except those measured at FVTPL and equity instruments at FVOCI are assessed for at least 12-month ECL and the population of financial assets to which the lifetime ECL applies is larger than the population for which there is objective evidence of impairment in accordance with PAS 39.

The table below presents a reconciliation of the prior period's closing impairment allowance measured in accordance with PAS 39 to the opening impairment allowance determined in accordance with PFRS 9 as at January 1, 2018:

Measurement category	**Impairment allowance under PAS 39**	**Remeasurement**	**Impairment allowance under PFRS 9**
Cash and cash equivalents	₱–	₱–	₱–
Short-term investments	–	–	–
Receivables	120,869	9,668	130,537
Long-term receivables	–	–	–
Deposit receivables	–	–	–

- PFRS 15, *Revenue from Contracts with Customers*

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

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

The Group adopted PFRS 15 using the modified retrospective method with the date of initial application of January 1, 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to apply the standard to contracts not yet completed as at January 1, 2018. Therefore, the comparative information was not restated and continues to be reported under PAS 11, PAS 18 and related Interpretations.

The adoption of PFRS 15 had no significant impact on the consolidated statement of financial position, consolidated statement of income, consolidated statement of comprehensive income and consolidated statement of cash flows, except on presentation of remittances to customers of proceeds from sale of unutilized capacity to the market as a reduction from revenue instead of cost of sale of electricity. Amount reclassified in 2018 is ₱129.19 million.

The table presents the Group's revenue from different revenue streams for the nine months ended September 30, 2018:

Revenue streams	Power Generation
Revenue from power supply contracts	₱10,386,043
Revenue from power generation and trading	1,216,490
Total	**₱11,602,533**

4. Cash and Cash Equivalents

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Cash on hand and in banks	**₱232,362**	₱151,317
Short-term deposits	**2,706,379**	871,049
	₱2,938,741	₱1,022,366

Interest income earned on cash in banks for the nine months ended September 30, 2019 and 2018 amounted to ₱0.44 million and ₱0.82 million, respectively. Interest income earned on short-term deposits for the nine months ended September 30, 2019 and 2018 amounted to ₱15.12 million, and ₱20.38 million, respectively (see Note 24).

Short-term deposits include debt service reserves account amounting to ₱23.41 million and ₱54.77 million as at September 30, 2019 and December 31, 2018, respectively for the wind project loan facility (see Note 16).

5. Financial Assets at FVTPL

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Current:		
UITFs	**₱759,218**	₱743,739
Noncurrent:		
UITF	**5,272**	5,452
	₱764,490	₱749,191

The net changes in fair value of financial assets at FVTPL, included in "Interest and other financial income" account presented under "Other income" in the consolidated statements of income, amounted to ₱24.14 million and ₱16.73 million for the nine months ended September 30, 2019 and 2018, respectively (see Note 24).

Financial assets at FVTPL as at September 30, 2019 and December 31, 2018 include debt service reserves amounting to ₱87.18 million and ₱57.80 million, respectively, for the wind project loan facility (see Note 16).

6. Receivables

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Trade	**₱2,371,305**	₱2,154,348
Due from related parties (see Note 26)	**13,496**	333,576
Receivables from:		
Third parties (see Notes 10 and 14)	**202,251**	179,550
Assignment of Mineral Production Sharing Agreement (MPSA)	**39,365**	39,365
Consortium - SC 50	**20,000**	20,000
Consortium - SC 52	**19,444**	19,444
Employees	**5,295**	2,881
Others	**12,670**	9,461
	2,683,826	2,758,625
Less allowance for doubtful accounts	**131,334**	131,334
	₱2,552,492	₱2,627,291

The receivable from third parties mainly pertains to the current portion of noninterest-bearing long-term receivable from the sale of transmission assets and submarine cable (see Note 10).

As at September 30, 2019 and December 31, 2018, the aging analysis of receivables are as follows:

	September 30, 2019 (Unaudited)						
		Neither Past	**Past Due but not Impaired**				**Past Due and**
	Total	**Due nor Impaired**	**<30 Days**	**30–60 Days**	**61–90 Days**	**More than 90 Days**	**Impaired**
Trade	**₱2,371,305**	**₱1,755,405**	**₱28,906**	**₱30,633**	**₱21,644**	**₱493,795**	**₱40,922**
Due from related parties	**13,496**	**3,236**	**–**	**–**	**–**	**–**	**10,260**
Others	**299,025**	**216,852**	**133**	**–**	**39**	**1,849**	**80,152**
	₱2,683,826	**₱1,975,493**	**₱29,039**	**₱30,633**	**₱21,683**	**₱495,644**	**₱131,334**

	December 31, 2018 (Audited)						
		Neither Past	Past Due but not Impaired				Past Due and
	Total	Due nor Impaired	<30 Days	30–60 Days	61–90 Days	More than 90 Days	Impaired
Trade	₱2,154,348	₱1,712,945	₱40,844	₱19,387	₱191,896	₱148,354	₱40,922
Due from related parties	333,576	320,642	–	–	–	2,674	10,260
Others	270,701	183,751	8	106	39	6,645	80,152
	₱2,758,625	₱2,217,338	₱40,852	₱19,493	₱191,935	₱157,673	₱131,334

The movements in the allowance for credit losses on individually impaired receivables as at September 30, 2019 and December 31, 2018 are as follows:

	Trade	Others	Total
Balances at January 1, 2018, including effect of adoption of PFRS 9 (Audited)	₱34,683	₱82,103	₱116,786
Provision for the year ended December 31, 2018	3,168	11,380	14,548
Balances at December 31, 2018 (Audited) and September 30, 2019 (Unaudited)	**₱37,851**	**₱93,483**	**₱131,334**

7. Fuel and Spare Parts

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Fuel - at cost	**₱133,495**	₱317,923
Spare parts	**125,691**	95,750
	₱259,186	₱413,673

Fuel charged to "Costs of sale of electricity" in the consolidated statements of income amounted to ₱1,003.18 million and ₱681.98 million during the nine months ended September 30, 2019 and 2018, respectively (see Note 20).

For the nine months ended September 30, 2019 and 2018, ACEPH recognized allowance for inventory obsolescence amounting to nil and ₱0.16 million, respectively. The cost of spare parts carried at NRV amounted to ₱125.69 million and ₱96.39 million as at September 30, 2019 and December 31, 2018, respectively.

8. Other Current Assets

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Deposits	**₱97,441**	₱100,185
Prepaid expenses	**51,712**	82,577
Derivative asset (see Note 31)	**4**	4
	₱149,157	₱182,766

9. Assets Held For Sale

ACEPH

On August 7, 2018, the BOD approved the Parent Company's decision to sell the Guimaras Power Plant located in Jordan, Guimaras. As at December 31, 2018, the Guimaras Power Plant was classified as "Assets held for sale" in the consolidated statement of financial position in accordance with PFRS 5, as the sale is highly probable (i.e., sale transaction will be completed within a year from the reporting date) and the asset is available for immediate sale in its present condition. The asset was previously presented as part of investment properties.

As at December 31, 2018, no impairment loss was recognized as the carrying value amounting to ₱30.78 million is below its fair value less costs to sell.

Subsequently, on January 7, 2019, the BOD approved the sale of the Guimaras Power Plant and on January 24, 2019, the Asset Purchase Agreement (APA) between the Parent Company and S.I. Power Corporation (the buyer) was signed and notarized with an agreed selling price of ₱45.07 million. The sale resulted in a gain of ₱14.29 million (see Note 24).

One Subic Oil
In 2018, the management communicated with its affiliates, suppliers, and other third party buyers its plan to sell some of its equipment and parts presented as part of "Machinery and equipment". Although nothing yet has been finalized, management has been actively looking for interested buyers.

The remaining unsold assets as at September 30, 2019 and December 31, 2018 were classified as "Assets held for sale" in the consolidated statements of financial position as the sale is highly probable (i.e., sale transaction will be completed within a year from the reporting date) and the assets are available for immediate sale at their present condition.

Immediately before the reclassification of the equipment and parts as held for sale, the recoverable amount was estimated and an impairment loss amounting to ₱1.13 million was recognized in 2018 to reduce the carrying amount of the assets held for sale to their fair value less costs to sell. The carrying value of the remaining asset classified as assets held for sale amounted to ₱3.55 million as at September 30, 2019 and December 31, 2018.

10. **Property, Plant and Equipment**

The details and movements of this account as of and for the nine months ended September 30, 2019 and December 31, 2018 are shown below:

	September 30, 2019 (Unaudited)							
	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Tools and Other Miscellaneous Assets	Office Furniture, Equipment and Others	Construction in Progress	Total
Cost								
Balance at beginning of period	**₱252,241**	**₱489,170**	**₱6,863,611**	**₱38,971**	**₱68,746**	**₱51,179**	**₱419**	**₱7,764,337**
Additions	**–**	**2,141**	**179,112**	**861**	**12,471**	**4,451**	**–**	**199,036**
Disposal	**–**	**(209,095)**	**–**	**(13,155)**	**(23)**	**(30,367)**	**–**	**(252,640)**
Transfers to right-of-use assets	**(116,810)**	**–**	**–**	**–**	**–**	**–**	**–**	**(116,810)**
Balance at end of period	**135,431**	**282,216**	**7,042,723**	**26,677**	**81,194**	**25,263**	**419**	**7,593,923**
Accumulated depreciation								
Balance at beginning of period	**1,236**	**363,926**	**1,466,138**	**20,642**	**33,968**	**40,859**	**–**	**1,926,769**
Depreciation (see Note 23)	**–**	**12,988**	**256,307**	**4,498**	**3,102**	**2,898**	**–**	**279,793**
Disposal	**–**	**(170,377)**	**–**	**(10,419)**	**(14)**	**(29,672)**	**–**	**(210,482)**
Balance at end of period	**1,236**	**206,537**	**1,722,445**	**14,721**	**37,056**	**14,085**	**–**	**1,996,080**
Accumulated impairment loss								
Balance at beginning and end of period	**–**	**933**	**75,672**	**–**	**–**	**–**	**–**	**76,605**
Net Book Value	**₱134,195**	**₱74,746**	**₱5,244,606**	**₱11,956**	**₱44,138**	**₱11,178**	**₱419**	**₱5,521,238**

	December 31, 2018 (Audited)							
	Land and Land Improvements	Buildings and Improvements	Machinery and Equipment	Transportation Equipment	Tools and Other Miscellaneous Assets	Office Furniture, Equipment and Others	Construction in Progress	Total
Cost								
Balance at beginning of year	₱252,241	₱476,418	₱6,881,019	₱38,869	₱54,662	₱60,750	₱419	₱7,764,378
Additions	–	10,907	83,571	2,891	15,705	2,070	4,536	119,680
Disposals	–	–	–	(2,789)	(1,125)	(11,525)	–	(15,439)
Deconsolidation	–	–	(6,083)	–	–	(116)	(4,536)	(10,735)
Insurance claim	–	–	(90,146)	–	–	–	–	(90,146)
Transfer to asset held for sale	–	–	(4,750)	–	(496)	–	–	(5,246)
Transfer from investment property	–	1,845	–	–	–	–	–	1,845
Balance at end of year	252,241	489,170	6,863,611	38,971	68,746	51,179	419	7,764,337
Accumulated depreciation								
Balance at beginning of year	1,236	288,599	1,175,938	15,942	29,201	47,589	–	1,558,505
Depreciation	–	75,327	290,354	7,489	6,388	4,813	–	384,371
Disposals	–	–	–	(2,789)	(1,125)	(11,518)	–	(15,432)
Deconsolidation	–	–	(154)	–	–	(25)	–	(179)
Transfer to asset held for sale	–	–	–	–	(496)	–	–	(496)
Balance at end of year	1,236	363,926	1,466,138	20,642	33,968	40,859	–	1,926,769
Accumulated impairment loss								
Balance at beginning of year	–	–	75,672	–	–	–	–	75,672
Allowance for impairment loss	–	933	1,133	–	–	–	–	2,066
Transfer to asset held for sale	–	–	(1,133)	–	–	–	–	(1,133)
Balance at end of year	–	933	75,672	–	–	–	–	76,605
Net Book Value	₱251,005	₱124,311	₱5,321,801	₱18,329	₱34,778	₱10,320	₱419	₱5,760,963

Sale of Transmission Assets
PHINMA Renewable and CIPP executed Deeds of Sale with the NGCP on April 22, 2016 and May 23, 2016, respectively, for the disposition of transmission assets and PHINMA Renewable's submarine cable pursuant to Section 8 of RA No. 9136 or the EPIRA and the ERC decisions.

As at date of sale, the carrying value of transmission assets and submarine cables sold by PHINMA Renewable and CIPP amounted to ₱660.15 million and ₱65.17 million, respectively. Receivables from NGCP arising from these sales are included under "Receivables" and "Other noncurrent assets" (see Notes 6 and 14).

Land Held under Finance Leases
PHINMA Renewable entered into finance leases of land in Barangay Suclaran and Cabano in San Lorenzo, Guimaras and Barangay Zaldivar and Sawang in Buenavista, Guimaras to facilitate the construction of the San Lorenzo wind farm. The carrying amount of land held under finance leases, included under "Land and land improvements", as at December 31, 2018 amounted to ₱116.81 million.

Mortgaged Property and Equipment
PHINMA Renewable's wind farm with carrying value of ₱4,157.00 million and ₱4,310.28 million included under "Machinery and Equipment" account is mortgaged as security for the long-term loan as at September 30, 2019 and December 31, 2018, respectively (see Note 16).

The insurance claim on machinery and equipment amounting to ₱90.15 million in 2018 pertains to the net insurance proceeds from third parties for the reimbursement of capital expenditures relating to the repair of Power Barge 103 as a result of damages due to typhoon.

11. Investments

Details of investments in associates and interests in joint ventures and the carrying amounts are as follows:

	Percentage of Ownership	**September 30, 2019 (Unaudited)**	December 31, 2018 (Audited)
Investments in associates:			
Maibarara Geothermal, Inc. (MGI)	25.00	**₱697,739**	₱630,173
Asia Coal Corporation (Asia Coal)	28.18	**631**	631
		698,370	630,804
Interests in joint ventures:			
South Luzon Thermal Energy Corporation (SLTEC)	45.00	**3,291,116**	3,438,199
PHINMA Solar Energy Corporation (PHINMA Solar)	50.00	**–**	217,005
ACTA Power Corporation (ACTA)	50.00	**37,211**	36,676
		3,328,327	3,691,880
		₱4,026,697	₱4,322,684

The details and movements of investments as well as the advances in associates and interests in joint ventures accounted for under the equity method are as follows:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Investment in an associate and interests in joint ventures		
Acquisition costs:		
Balance at beginning of period	**₱3,911,572**	₱3,675,257
Additions	**–**	236,315
Disposal	**(225,000)**	–
Balance at end of period	**3,686,572**	3,911,572
Accumulated equity in net earnings (losses):		
Balance at beginning of period	**397,633**	370,086
Equity in net earnings (loss)	**(79,100)**	532,460
Disposal	**8,027**	–
Dividend received	**–**	(504,913)
Balance at end of period	**326,560**	397,633
Accumulated share in other comprehensive income:		
Balance at beginning of period	**(2,193)**	(3,413)
Share in other comprehensive income	**86**	1,220
Balance at end of period	**(2,107)**	(2,193)
Other equity transactions:		
Balance at beginning and end of period	**17,231**	17,231
Accumulated impairment losses	**(1,559)**	(1,559)
Total investments	**₱4,026,697**	₱4,322,684

Investments in Associates

MGI

The summarized financial information of MGI, a material associate of the Parent Company, and the reconciliation with the carrying amount of the investments in the consolidated financial statements are shown below:

Summarized Statements of Financial Position

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Current assets	**₱1,467,062**	₱997,777
Noncurrent assets	**4,637,010**	4,860,066
Total assets	**6,104,072**	5,857,843
Current liabilities	**(436,768)**	(450,925)
Noncurrent liabilities	**(2,876,350)**	(2,887,058)
Net assets	**2,790,954**	2,519,860
Proportion of the Parent Company's ownership	**25%**	25%
Carrying amount of investments	**₱697,739**	₱629,965

Summarized Statements of Comprehensive Income

	For the nine months ended September 30	
	2019 (Unaudited)	2018 (Unaudited)
Revenue from sale of electricity	**₱874,931**	₱793,423
Costs of sale of electricity	**(427,771)**	(356,738)
Gross profit	**447,160**	436,685
Interest - net	**(138,738)**	(123,132)
General and administrative expenses	**(37,645)**	(35,273)
Other income - net	**454**	564
Income before income tax	**271,231**	278,844
Provision (benefit) for income tax	**(137)**	167
Net income	**271,094**	278,677
Other comprehensive income	**346**	864
Total comprehensive income	**₱271,440**	₱279,541

In 2015, the construction of Phase 2 of the project commenced. MGI successfully commissioned the 12-megawatt (MW) Maibarara Geothermal Power Plant-2 (MGPP-2) and successfully synchronized to the Luzon grid on March 9, 2018. On April 30, 2018, MGPP-2 commenced its commercial operations.

In 2018, the Parent Company invested additional capital amounting to ₱12.50 million.

Interests in Joint Ventures

SLTEC
The summarized financial information of SLTEC, a material joint venture of the Parent Company, and the reconciliation with the carrying amount of the investment in the consolidated financial statements are shown below:

Summarized Statements of Financial Position

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Current assets	**₱3,345,712**	₱4,238,823
Noncurrent assets	**15,904,266**	16,478,009
Current liabilities	**(1,408,501)**	(3,024,932)
Noncurrent liabilities	**(10,572,947)**	(10,098,160)
Net assets	**7,268,530**	7,593,740
Proportion of the Parent Company's ownership	**45%**	45%
Parent Company's share in the net assets	**3,270,839**	3,417,183
Other adjustments*	**20,278**	21,016
Carrying amount of investment	**₱3,291,116**	₱3,438,199

**Alignment of accounting policies on excess revenue over costs of testing and commissioning.*

Summarized Statements of Comprehensive Income

	For the nine months ended September 30	
	2019	2018
	(Unaudited)	(Unaudited)
Revenue from sale of electricity	**₱3,516,530**	₱4,936,392
Costs of sale of electricity	**3,434,560**	3,643,235
Gross profit	**81,970**	1,293,157
General and administrative expenses	**(117,691)**	(85,947)
Interest expenses - net	**(755,670)**	(541,819)
Other income - net	**508,394**	411,616
Income (loss) before income tax	**(282,997)**	1,077,007
Provision for income tax	**42,212**	131,859
Net income (loss)	**(325,209)**	945,148
Other comprehensive income	**–**	–
Total comprehensive income (loss)	**(₱325,209)**	₱945,148

The Parent Company earned dividends from SLTEC amounting to ₱492.42 million for the nine months ended September 30, 2018. No dividend was declared in 2019.

In addition, the Administration and Management Agreement was amended effective August 26, 2019 (see Note 29).

PHINMA Solar
On December 11, 2018, the Parent Company and Union Galvasteel Corporation (UGC), a company under common control of PHINMA Inc., entered into a Deed of Sale for the sale of the Parent Company's 50% interest to UGC amounting to ₱225 million. The sale resulted to a gain of ₱5.83 million. As a result of the sale transaction, PHINMA Solar ceased to be a subsidiary of the Parent Company as at December 31, 2018. In 2018, PHINMA Solar completed the installation and commenced operations of two (2) solar panel projects.

On June 19, 2019, the Parent Company sold its remaining 50% interest in PHINMA Solar to PHINMA Corporation for ₱218.3 million which resulted to a gain amounting to ₱1.38 million.

The summarized financial information of PHINMA Solar, a material joint venture of the Parent Company are shown below:

Summarized Statements of Financial Position

	December 31, 2018 (Audited)
Current assets	₱390,840
Noncurrent assets	45,856
Current liabilities	(2,463)
Noncurrent liabilities	(224)
Net assets	434,009
Proportion of the Parent Company's ownership	50%
Carrying amount of investment	₱217,005

Summarized Statements of Comprehensive Income

	September 30, 2018 (Unaudited)
Revenue from sale of electricity	₱535
Cost of sale of electricity	169
Gross profit	366
General and administrative expenses	(7,322)
Other income - net	2,921
Loss before income tax	(4,035)
Benefit from income tax	1,317
Net loss	(2,718)
Other comprehensive income	–
Total comprehensive loss	(₱2,718)

12. **Financial assets at FVOCI**

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Shares of stock:		
Listed	**₱11,094**	₱137,096
Unlisted	–	109,399
Golf club shares	**1,220**	11,500
	₱12,314	₱257,995

The movements in net unrealized gain on equity investments at FVOCI for the nine months ended September 30, 2019 and for the year ended December 31, 2018 are as follows:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Balance at beginning of period	**₱59,772**	₱–
Changes upon adoption of PFRS 9 - net of tax:		
Unrealized gain on AFS equity securities transferred to FVOCI	–	85,924
Remeasurement gain of unlisted equity securities (Note 3)	–	13,643
Unrealized gain on investment in a UITF closed to retained earnings due to change in classification (Note 3)	–	(54)
Unrealized loss recognized in other comprehensive income	**(18,114)**	2,106
Cumulative unrealized gain on disposal of equity instruments at FVOCI transferred to retained earnings	**(47,292)**	(41,847)
Balance at end of the period	**(₱5,634)**	₱59,772

The dividend income earned from financial assets at FVOCI amounted to ₱5.54 million and ₱7.07 million for the nine months ended September 30, 2019 and 2018, respectively.

13. Goodwill and Other Intangible Assets

Changes in goodwill and other intangible assets for the nine months ended September 30, 2019 and for the year ended December 31, 2018 are as follows:

	September 30, 2019 (Unaudited)			
	Leasehold Rights	**Deferred Exploration Costs**	**Goodwill**	**Total**
Cost:				
Balance at beginning of period	**₱99,839**	**₱136,976**	**₱234,152**	**₱470,967**
Cash calls	**–**	**11,011**	**–**	**11,011**
Write-off	**–**	**(48,263)**	**–**	**(48,263)**
Reclassification to right-of-use assets (see Note 3)	**(99,839)**	**–**	**–**	**(99,839)**
Balance at end of period	**–**	**99,724**	**234,152**	**333,876**
Accumulated depreciation:				
Balance at beginning of period	**74,880**	–	**–**	**74,880**
Reclassification to right-of-use assets (see Note 3)	**(74,880)**	**–**	**–**	**(74,880)**
Balance at end of period	–	–	–	–
Accumulated impairment				
Balance at beginning of year	–	**75,868**	**–**	**75,868**
Provisions	–	**34,493**	**–**	**34,493**
Write-off	–	**(48,263)**	**–**	**(48,263)**
Balance at end of the period	–	**62,098**	**–**	**62,098**
Net book value	**₱–**	**₱37,626**	**₱234,152**	**₱271,778**

	December 31, 2018 (Audited)			
	Leasehold Rights	Deferred Exploration Costs	Goodwill	Total
Cost:				
Balance at beginning of year	₱99,839	₱132,450	₱234,152	₱466,441
Cash calls	–	4,526	–	4,526
Balance at end of year	99,839	136,976	234,152	470,967
Accumulated depreciation:				
Balance at beginning of year	58,690	–	–	58,690
Amortization	16,190	–	–	16,190
Balance at end of year	74,880	–	–	74,880
Accumulated impairment:				
Balance at beginning of year	–	27,605	–	27,605
Provisions	–	48,263	–	48,263
Balance at end of year	–	75,868	–	75,868
Net book value	₱24,959	₱61,108	₱234,152	₱320,219

Leasehold Rights and Goodwill
The leasehold rights and goodwill arose from PHINMA Power's acquisition of the entire outstanding shares of stocks of One Subic Power in 2014. One Subic Power and SBMA have an existing Facilities Lease Agreement (FLA) for a period of five (5) years up to July 19, 2020, as amended, with the option to extend subject to mutually acceptable terms and conditions. On December 21, 2017, the SBMA Board approved and ratified the amendment of the Facilities Lease Agreement extending the lease term until July 19, 2030. As at January 1, 2019, the leasehold rights was reclassified as right-of-use assets (see Note 3).

Impairment Testing of Goodwill
The Parent Company performs its annual impairment test in December and when circumstances indicated that the carrying value may be impaired. The key assumptions used to determine the recoverable amount for the different cash generating units were disclosed in the annual consolidated financial statements as of and for the year ended December 31, 2018. As at September 30, 2019, there is no indicator of impairment in line with the Parent Company's material commitment to purchase capital assets/replacements which will result in increase of the CGU's forecasted cash inflows (see Note 29).

The excess of value-in-use over the carrying amount of the CGU amounted to ₱976.92 million and ₱485.20 million as at September 30, 2019 and December 31, 2018, respectively. An increase of 100 basis points in the Group's pre-tax discount rate will not result in an impairment of goodwill.

Deferred Exploration Costs

Details of deferred exploration costs are as follows:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Petroleum and gas:		
SC 6 (Northwest Palawan)		
SC 6 Block A	**₱22,890**	₱22,568
SC 6 Block B	**4,892**	4,892
SC 55 (Southwest Palawan)	**14,736**	6,817
SC 50 (Northwest Palawan)	**11,719**	11,719
SC 52 (Cagayan Province)	**10,994**	10,994
SC 51/Geophysical Survey and Exploration Contract (GSEC) No. 93 (East Visayas)	–	32,666
SC 69 (Camotes Sea)	–	15,597
Geothermal:		
SC 8 (Mabini, Batangas)	**34,493**	31,723
	99,724	136,976
Less allowance for impairment losses	**62,098**	75,868
Net book value	**₱37,626**	₱61,108

The foregoing deferred exploration costs represent the Group's share in the expenditures incurred under petroleum SCs with the Department of Energy (DOE). The contracts provide for certain minimum work and expenditure obligations and the rights and benefits of the contractor. Operating agreements govern the relationship among co-contractors and the conduct of operations under an SC.

The following summarizes the status of the foregoing projects:

a. SC 6 (Northwest Palawan)

Block A

On January 8, 2018, the consortium submitted to the DOE its proposed 2018 work program composed of seismic interpretation and mapping and integration of quantitative inversion results that would serve as input to preliminary well design and cost estimates.

The Consortium completed its 2018 work program and said undertaking have improved the resource evaluation of the mapped leads and prospects in the area.

On December 18, 2018, the Partners have approved and the Operator, Philodrill Corporation (Philodrill), submitted to the DOE the proposed 2019 SC 6A Work Program and Budget amounting to US$314,116 composed of geological and geophysical evaluation and engineering projects. The same was approved by the DOE on January 23, 2019.

The Partners submitted to the DOE the proposed 2019 work program composed of geological and geophysical evaluation and engineering study. The DOE approved the said program in January 2019.

As at November 11, 2019, farm-in negotiations are ongoing for the development of the Octon oil discovery and technical studies over the northern part of the block progressed.

No impairment was recognized for SC 6 Block A as at September 30, 2019 and December 31, 2018 as the Group believes that the related deferred exploration costs are still recoverable.

Block B

On April 12, 2018, the transfer of participating interest from ACE Enexor to SC 6 Block B continuing parties was approved by the DOE.

b. SC 55 (Southwest Palawan)

Seismic reprocessing of 1,000 sq. km. of 3D seismic data was completed on July 17, 2019.

Quantitative Interpretation Study aimed at identifying the gas-bearing zones in the service contract is nearing completion as at November 11, 2019.

Palawan55 is currently interpreting the reprocessed seismic data to generate additional prospects in the Greater Hawkeye Area and to refine the mapping of the CINCO Prospect. Resource Assessment is also ongoing.

Palawan55 has also commenced the first phase of drilling preparations including well design, issuance of tenders for long lead items such as wellhead, conductor pipes and casing, and a rig market survey.

On August 9, 2019, the SC 55 Consortium notified the DOE of its election to proceed directly from the Exploratory Period to the Appraisal Period, with a one deep water well drilling commitment.

On September 26, 2019, Palawan55 informed the DOE of Century Red Pte. Ltd. withdrawal from SC 55 and accordingly requested for the approval of the transfer of Century Red's entire 37.50% participating interest to Palawan55.

The Consortium is awaiting confirmation from the DOE of its entry into the Appraisal Period and approval of the transfer of participating in SC 55.

Palawan55, subsidiary of PHINMA Petroleum, holds 37.50% participating interest in SC 55. Once the transfer of interest is approved by the DOE, its interest will increase to 75%.

No impairment was recognized for SC 55 as at September 30, 2019 and December 31, 2018 as the Group believes that the related deferred exploration costs are still recoverable.

c. SC 50 (Northwest Palawan)

As of November 11, 2019, approval of the assignment of 10% participating interest in SC 50 to ACE Enexor remains pending with the DOE.

d. SC 52 (Cagayan Province)

In 2016, the Group assessed and fully provided for probable losses for deferred exploration costs pertaining to SC 52 amounting to ₱10.99 million due to the expiration of its terms and subsequent denial by the DOE of the request for Force Majeure.

In December 2016, Frontier Oil, as instructed by the DOE, submitted certain documents in support of its request for Force Majeure. As at November 11, 2019, the requests for Moratorium and appeal for contract reinstatement are still pending DOE's approval.

e. SC 51/GSEC 93 (East Visayas)

The SC 51 Consortium met with the DOE on several occasions to craft the best way forward in SC 51. On December 17, 2018, as had been agreed in a number of meetings, the Consortium provided further justification for waiver to pay the outstanding financial obligation of Otto Energy, as executed in the Deed of Undertaking, given that the aforementioned conditions were not met.

In 2018, the Group recognized full provision for probable loss on deferred exploration costs pertaining to SC 51 amounting to ₱32.67 million due to the relinquishment of ACE Enexor's participating interest.

On July 18, 2019, the DOE approved said relinquishment upon ACE Enexor's full settlement of its financial obligations pertaining to training and development. Its deferred exploration cost and related allowance for probable losses amounting to ₱32.67 million, was written off during the period ended September 30, 2019.

f. SC 69 (Camotes Sea)

On June 4, 2018, the SC 69 Consortium notified the DOE of its relinquishment of SC 69 block in view of the strong oppositions to the Project from various stakeholders, including several Local Government Units and Non-Government Organizations, making the conduct of petroleum exploration business in the area very challenging, if not impossible.

In 2018, ACE Enexor recognized full provision for probable loss on deferred exploration costs pertaining to SC 69 amounting to ₱15.60 million due to the relinquishment of ACE Enexor's participating interest.

On July 29, 2019, the DOE approved the relinquishment subject to ACE Enexor's full settlement of its financial obligations pertaining to training and development amounting to ₱10.61 million. Its deferred exploration cost and related allowance for probable losses amounting to ₱15.60 million, was written off during the period ended September 30, 2019.

g. SC 8 (Batangas - Mabini Geothermal Service Contract)

In 2018, the Consortium held continuing Information and Electronic Campaigns (IEC) together with the DOE and PHIVOLCS to obtain support from the local government units towards lifting of the Cease-and-Desist Order.

On July 3, 2018, the Parent Company formally notified Basic Energy, the Operator, of its withdrawal from the service contract and Joint Operating Agreement (JOA) for the block.

In August 2018, Basic Energy proposed to conduct the forward drilling program on its own, Operation by Fewer than all the Parties: under the JOA and carry the Parent Company's share of attendant costs. The Parent Company expressed its willingness to consider the said proposal and requested Basic Energy's key terms for the Parent Company's consideration.

In June 2019, the Parent Company decided to push through with the withdrawal from the SC and JOA. As at September 30, 2019, the Parent Company recognized impairment for SC 8 amounting to ₱34.49 million.

In 2019, the Parent Company provided for probable losses on deferred exploration costs for GSC 8 amounting to ₱34.49 million due to the Parent Company's withdrawal from the SC.

<u>Pililia Hydropower Service Contract (HSC) (Rizal)</u>
The Parent Company requested for the reinstatement of Pililia HSC and the DOE approved the reinstatement until July 7, 2016, subject to certain conditions.

The Parent Company also requested a three-year extension of the pre-development stage of the service contract and as at November 11, 2019, the Parent Company is still waiting for the response from the DOE.

14. **Other Noncurrent Assets**

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Trade receivables - net of allowance for doubtful accounts	**₱1,123,506**	₱1,123,511
Receivables from third parties (Notes 6 and 10)	**502,462**	501,266
Deposits	**104,725**	102,346
Prepaid rent	**5,866**	50,079
Balance at end of the period	**₱1,736,559**	₱1,777,202

As at September 30, 2019 and December 31, 2018 allowance for doubtful accounts related to the receivables under the Multilateral Agreement amounting to ₱13.75 million.

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

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Nontrade	**₱858,207**	₱192,154
Due to related parties (see Note 26)	**752,890**	801,165
Trade	**666,446**	519,505
Output VAT	**380,304**	144,366
Deferred revenue - current portion	**96,822**	387,289
Accrued expenses	**64,031**	121,534
Accrued interest expenses	**56,661**	79,297
Lease liability - current portion (see Notes 3 and 29)	**36,696**	14,803
Retention payables	**1,046**	1,096
Others	**2,851**	8,189
	₱2,915,954	₱2,269,398

Accounts payable and other current liabilities are noninterest-bearing and are normally settled on thirty (30) to sixty (60)-day terms.

Nontrade payables include liabilities for various purchases such as additions to property, plant and equipment and spare parts.

Trade payables refer to liabilities to suppliers of electricity and fuel purchased by the Group.

Deferred revenue pertains to the upfront payment received from a customer in consideration of the contract amendments and modifications. The deferred revenue shall be amortized over the remaining term of the contract until December 2019.

Accrued expenses include insurance, sick and vacation leave accruals, station use and One Subic Power variable rent at SBMA and accruals for incentive pay.

Lease liability refer to lease agreements entered into by the Group with individual land owners and SBMA . These leases have terms of twenty (20) to twenty-five (25) years while the facilities lease has a term of ten (10) years (see Note 29).

Retention payables pertain to amounts retained from liabilities to suppliers and contractors.

Others consist of liabilities to employees, statutory payables, deposits payables and a derivative liability.

16. **Loans**

Long-term loans
This account consists of:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
PHINMA Renewable term loan facility	**₱1,531,884**	₱1,644,743
ACEPH long-term loans	**3,644,812**	4,728,870
	5,176,696	6,373,613

(Forward)

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Add premium on long-term loans (embedded derivative)	**₱2,888**	₱4,247
Less unamortized debt issue costs	**27,508**	40,927
	5,152,076	6,336,933
Less current portion of long-term loans (net of unamortized debt issue costs)	**273,970**	265,460
Noncurrent portion	**₱4,878,106**	₱6,071,473

Movements in derivatives and debt issue costs related to the long-term loans follow:

	Derivatives	Debt Issue Costs
As at December 31, 2017	₱6,009	₱45,482
Additions	–	6,975
Amortization/ accretion for the year*	(1,762)	(11,530)
As at December 31, 2018	4,247	40,927
Amortization/ accretion for the period*	(1,359)	(13,419)
As at September 30, 2019	**₱2,888**	**₱27,508**

**Included under "Interest and other financial charges" in the "Other income - net" account in the consolidated statements of income (see Note 24).*

PHINMA Renewable
On December 18, 2013, PHINMA Renewable entered into a ₱4.3 billion Term Loan Facility with Security Bank Corporation (SBC) and Development Bank of the Philippines (DBP). The proceeds were used to partially finance the 54 MW San Lorenzo Wind Farm composed of 27 2 MW wind turbine generators and related roads, jetty, substations, transmission line facilities and submarine cable to connect to the grid. The loan facility is divided into two tranches amounting to ₱2.15 billion each - DBP as the Tranche A lender and SBC as the Tranche B lender.

Both tranches have a term of 15 years with semi-annual interest payments starting on the date on which the loan is made. The Tranche A's interest is to be fixed at the higher of 10-year PDS Treasury Fixing (PDST-F) plus a spread of 1.625% or 6.25% for the first 10 years, to be repriced at higher of 5-year PDST-F plus a spread of 1.25% or 6.25% for the last 5 years. The Tranche B will be fixed at higher of interpolated 15-year PDST-F plus a spread of 1.625% or 6.5%. The interest rate floor on the loan is an embedded derivative that is required to be bifurcated. The Group did not recognize any derivative liability arising from the bifurcated interest floor rate since the fair value is not significant.

On April 1, 2015, the publication of PDST-F rates ceased pursuant to the memo of the Bankers Association of the Philippines (BAP) dated January 8, 2015. Subsequently, the parties agreed to adopt PDST-R2 as benchmark rate in lieu of PDST-F rates.

The loan facility also contains a prepayment provision which allows PHINMA Renewable to make optional prepayment for both Tranche A and Tranche B in the amount calculated by the facility agent as accrued interest and other charges on the loan up to the prepayment date plus, the higher of a) the principal amount of the loan being prepaid, or b) the amount calculated as the present value of the remaining principal amortizations and interest payments on the loan being prepaid, discounted at the comparable benchmark tenor as shown in the Philippine Dealing and Exchange Corporation (PDEx) Market Page, Reuters and the PDS website (www.pds.com.ph) at approximately 11:16 am on the business day immediately preceding the prepayment date. In addition, PHINMA Renewable is allowed to prepay the Tranche A loan, without penalty or breakfunding cost, on the interest re-pricing date. The prepayment option was assessed as closely related to the loan and, thus, was not bifurcated.

On April 28, 2016, PHINMA Renewable prepaid ₱150.50 million of its long-term debt in accordance with the terms of the Agreement as follows:

- PHINMA Renewable shall effect a mandatory prepayment of the loan, without premium or penalty, within three (3) business days from receipt by PHINMA Renewable of any transmission line proceeds;
- prepay the loan to the extent of seventy percent (70%) of the transmission line proceeds; and
- the remaining thirty percent (30%) shall be transferred directly into PHINMA Renewable controlled distribution account for further distribution to the Project Sponsor.

On December 20, 2016, the BOD resolved to amend the Omnibus Loan and Security Agreement (OLSA) to allow PHINMA Renewable to prepay a portion of the long-term debt to SBC and DBP without penalties. On January 11, 2017, PHINMA Renewable prepaid ₱2,350.00 million of its long-term debt.

Under the terms of the Agreement, ACEPH, as the Project Sponsor, shall:

- Provide equity contributions equivalent to 30% of the project cost;
- Fund any cost overruns on the project and the required debt service reserve amount (DSRA) in the event of delays in obtaining Feed-in-Tariff eligibility or Renewable Energy Payment Agreement; and
- Redeem the loan in the event that PHINMA Renewable defaults on the loan and titles to the project properties have not been issued to PHINMA Renewable or notwithstanding such titles, lenders fail to acquire title to the project properties due to lack of annotation or third party claims.

The loan agreement provides loan disbursement schedule for the drawdown of the loan. PHINMA Renewable made the following drawdowns during the years 2015 and 2014 with the corresponding carrying values as at September 30, 2019:

	Tranche A (DBP)		**Tranche B (SBC)**	
Drawdown date	**Gross Amount [a]**	**Carrying value [b]**	**Gross Amount [a]**	**Carrying value [b]**
February 14, 2014	**₱110,427**	**₱111,152**	**₱110,427**	**₱109,635**
May 27, 2014	**195,920**	**195,942**	**195,920**	**194,713**
August 5, 2014	**195,920**	**197,709**	**195,920**	**194,776**
September 2, 2014	**178,109**	**178,802**	**178,109**	**177,133**
July 30, 2015	**85,566**	**81,936**	**85,566**	**81,900**
	₱765,942	**₱765,541**	**₱765,942**	**₱758,157**

[a]*Net of prepayments made in 2016 and 2017*
[b]*Net of unamortized debt issue costs.*

In 2019 and 2018, PHINMA Renewable made the following payments with their corresponding carrying values:

	Tranche A (DBP)		Tranche B (SBC)	
Payment date	Gross Amount	Carrying value	Gross Amount	Carrying value
February 24, 2018	₱16,735	₱15,047	₱16,735	₱15,786
August 14, 2018	27,174	25,491	27,174	26,231
February 14, 2019	27,172	25,466	27,172	26,224
August 14, 2019	29,332	27,785	29,332	28,479

The loan's principal repayment is variable amount payable semi-annually; amount of principal repayment to be determined during the due diligence stage based on the required debt service coverage ratio (DSCR) and financial projections using the Financial Model validated by an independent financial model auditor. Any incremental revenue resulting from a subsequent increase in the applicable FIT rate shall be applied to principal repayment of the loan in the inverse order of maturity. Incremental revenue is the difference in the revenue based on existing FIT rate of ₱7.40/kwh and a new base rate as defined by the relevant government agency excluding annual adjustments to account for inflation and foreign exchange movements.

Under the loan facility agreement, PHINMA Renewable must maintain a debt service reserves account into which will be paid the maximum interest forecasted to be due and payable for the next two following payment dates that will fall within the construction period and the amount of debt service after the construction period. The funds in the debt service reserves can be used by PHINMA Renewable provided that 30 days prior to payment, the fund is replenished. Debt service reserves are included in the consolidated statements of financial position under "Cash and cash equivalents" and "Financial assets at FVTPL" (see Notes 4, 5 and 31).

Covenants. The Term Loan Facility includes, among others, certain restrictive covenants and requirements with respect to the following, effective upon commercial operations of PHINMA Renewable:

(a) Historical DSCR post dividend declaration of 1.20x and Debt to Equity Ratio not exceeding 70:30 throughout the term of the loan;
(b) Equity infusion amounting to ₱328.13 million for retention and contingencies;
(c) Limitation on investments (not to enter into joint ventures, partnership; create subsidiary/branch); and
(d) Restricted payments (not to distribute dividends, make payments to affiliates).

The compliance with the debt covenants is assessed annually by the lender. PHINMA Renewable was in compliance with the loan covenants as at December 31, 2018. PHINMA Renewable is assessing its compliance with the loan covenants in light of the impact of the new adopted accounting standards. PHINMA Renewable will take necessary measures to ensure compliance with loan covenants.

The loan facility is secured by PHINMA Renewable's wind farm, included in "Machinery and equipment" account under "Property, plant and equipment" with carrying value amounting to ₱4,157.00 million and ₱4,310.28 million as at September 30, 2019 and December 31, 2018, respectively (see Note 10). In addition, as a security for the timely payment, discharge, observance and performance of the obligations, ACEPH entered into a Pledge Agreement covering the subscriptions of stocks of ACEPH and its nominees.

<u>ACEPH</u>
The relevant terms of the long-term loans of the Parent Company are as follows:

Description	Interest Rate (per annum)	Terms	**September 30, 2019 (Unaudited)**	December 31, 2018 (Audited)
₱1.50 billion loan with China Banking Corporation (CBC)	The higher of 7-year PDST-F at interest rate setting date which is one (1) banking day prior to issue date plus a spread of 1.625% or 5.675% for the first 7 years; repricing for the last 3 years, the higher of 3-year PDST-F plus a spread of 1.625% or initial interest rate.	Availed on April 14, 2014, payable in quarterly installment within 10 years to commence 1 year after the first interest payment date with final repayment in April 10, 2024; contains negative pledge.	**₱1,366,217**	₱1,388,693

Description	Interest Rate (per annum)	Terms	**September 30, 2019 (Unaudited)**	December 31, 2018 (Audited)
₱0.50 billion loan with Banco De Oro Unibank, Inc. (BDO)	The higher of 7Y PDST-F at interest rate setting date which is one (1) banking day prior to issue date plus a spread of 1.625% or 5.675% for the first 7 years; repricing for the last 3 years), the higher of 3-year PDST-F plus a spread of 1.625% or initial interest rate.	Availed on April 30, 2014, payable in quarterly installments within 10 years to commence 1 year after the first interest payment date with final repayment in January 30, 2024; contains negative pledge.	**₱454,428**	₱461,467
₱1.18 billion loan with SBC	Fixed at a rate of 6.50% per annum which shall be payable at the end of the interest period of six months.	Availed on January 11, 2017 payable in semi-annual installments within 12.5 years to commence 6 months after the drawdown Date and every 6 months thereafter with final repayment in July 11, 2029; contains negative pledge.	**903,873**	965,456
₱1.18 billion loan with DBP	Fixed at a rate of 6.00% for the first 7 years; repricing for the last 5.5 years, the higher of 5-year PDST-R2 plus a spread of 1.625% or 6.25%	Availed on January 10, 2017 payable in semi-annual installments within 12.5 years to commence 6 months after the Drawdown Date and every 6 months thereafter with final repayment in July 10, 2029; contains negative pledge.	**903,859**	965,469
₱0.93 billion loan with SBC	The applicable peso benchmark (based on BVAL) plus minimum of 2.0% spread, with quarterly repricing, which shall be payable quarterly in arrears.	Availed on December 28, 2018 payable on June 28, 2020; up to 18 months from drawdown date	**–**	923,061
Carrying value**			**₱3,628,377**	₱4,704,146

**Net of unamortized debt issue costs and embedded derivatives of ₱24.62 million and ₱24.72 million as at September 30, 2019 and December 31, 2018, respectively.

ACEPH's long-term loans also contain prepayment provisions as follows:

Description	Prepayment provision
₱1.50 billion loan with CBC	Early redemption is at the option of the issuer exercisable anytime at par plus break-funding cost. Break-funding cost on principal repayment shall be based on the difference between the contracted interest rate and the comparable benchmark rate. The negative difference shall be multiplied by the prepaid amount and the remaining tenor to come up with break-funding cost, which in no case is less than zero.
₱0.50 billion loan with BDO	Early redemption is at the option of the issuer exercisable on an interest payment date every anniversary starting from the 7th year from Issue date. Prepayment amount is at par. Transaction cost is minimal.
₱1.18 billion loan with SBC	Early redemption is at the option of the issuer exercisable on an interest payment date at par plus break-funding cost. Transaction cost is minimal.

Description	Prepayment provision
₱1.18 billion loan with DBP	Early redemption is at the option of the issuer exercisable on the interest repricing date (8th anniversary of the drawdown date). Prepayment amount is at par. If redemption is exercised on a date that is not the interest repricing date, prepayment amount is at par plus break-funding cost. Transaction cost is minimal.
₱0.93 billion loan with SBC	Early redemption is at the option of the issuer exercisable on the interest payment date at par plus break-funding cost. Break-funding cost on principal repayment shall be based on the difference between the contracted interest rate and the comparable benchmark rate. The negative difference shall be multiplied by the prepaid amount and the remaining tenor to come up with break-funding cost, which in no case is less than zero.

The prepayment options on all loans except for the ₱1.00 billion loan with SBC were assessed as closely related, thus, not required to be bifurcated. For the ₱1.00 billion loan with SBC, the prepayment option was assessed as not closely related but was not bifurcated because the prepayment option has nil or very minimal value since it is deeply out of the money.

Covenants

Under the loan agreements, ACEPH has certain restrictions and requirements principally with respect to maintenance of required financial ratios and material change in ownership or control.

Description	Covenants
₱1.50 billion loan with CBC	(a) Minimum DSCR of 1.0 times after Grace Period up to Loan Maturity (b) Maximum Debt to Equity ratio of 1.5 times
₱0.50 billion loan with BDO	(a) Minimum DSCR of 1.0 times after Grace Period up to Loan Maturity (b) Maximum Debt to Equity ratio of 1.5 times
₱1.18 billion loan with SBC	(a) Minimum DSCR of 1.0 times (b) Maximum Consolidated Debt to Equity ratio of 1.5 times (c) Minimum Current ratio of 1.0 times
₱1.18 billion loan with DBP	(a) Minimum DSCR of 1.0 times (b) Maximum Consolidated Debt to Equity ratio of 1.5 times (c) Minimum Current ratio of 1.0 times
₱0.93 billion loan with SBC	(a) Minimum DSCR of 1.0 times (b) Maximum Consolidated Debt to Equity ratio of 1.5 times (c) Minimum Current ratio of 1.0 times

In addition, there is also a restriction on the payment or distribution of dividends to its stockholders other than dividends payable solely in shares of its capital stock if payment of any sum due the lender is in arrears or such declaration, payment or distribution shall result in a violation of the financial ratios prescribed.

The compliance with the debt covenants is assessed annually by the lenders. ACEPH was in compliance with loan covenants as at December 31, 2018. The Parent Company is assessing its compliance with the loan covenants in light of the impact of the new adopted accounting standards. The Parent Company will take necessary measures to ensure compliance with loan covenants.

Total interest expense recognized on ACEPH's and PHINMA Renewable's loans amounted to ₱291.22 million, and ₱304.34 million for the nine months ended September 30, 2019 and 2018, respectively (see Note 24).

Short-term loan

As at December 31, 2018, the Parent Company had a short-term loan amounting to ₱400.00 million which was obtained thru a promissory note to BDO, Unibank Inc. on August 14, 2018 with a maturity date of February 8, 2019. This was subsequently extended on February 8, 2019 for six (6) months.

	Amount
Loan amount	₱400 million
Net proceeds	₱400 million

As at September 30, 2019, the Parent Company has paid out its short-term loan.

Interest on principal amount is 5.25% per annum fixed for 31 days to be repriced every 30 to 180 days as agreed by the parties. The Parent Company recognized interest expense amounting to ₱9.24 million and ₱2.75 million for the nine months ended September 30, 2019 and 2018, respectively (see Note 24).

17. **Other Noncurrent Liabilities**

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Trade payables (see Note 14)	**₱1,123,506**	₱1,123,511
Deposit payable	**152,084**	174,370
Lease liability - noncurrent portion	–	72,299
Accrued expenses	**12,803**	12,897
	₱1,288,393	₱1,383,077

Deposit payables consist of security deposits from RES Customers which may be refunded or applied to any outstanding account of the customers at the end of the retail electricity supply term.

Lease liability refer to lease agreements entered into by the Group with individual landowners. These leases have terms of 20 to 25 years.

Accrued expenses pertains to accrual of asset retirement obligation and various provisions.

The Group is a party to certain claims and assessments in the ordinary conduct of business. The information usually required by PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, is not disclosed on the ground that it can be expected to prejudice the outcome or the Group's position with respect to these matters recorded under accrued expenses.

18. **Equity**

Capital Stock

Following are the details of the Parent Company's capital stock:

	Number of Shares	
	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Authorized capital stock - ₱1 par value	**8,400,000,000**	8,400,000,000
Issued shares:		
Balance at beginning of period	**4,889,774,922**	4,889,774,922
Issuance of new shares during the period	**2,632,000,000**	–
Balance at end of period	**7,521,774,922**	4,889,774,922

The issued and outstanding shares as at September 30, 2019 and December 31, 2018 are held by 3,194 and 3,191 equity holders, respectively.

The following table presents the track record of registration of capital stock:

Date of SEC Approval	No. of shares Registered	No. of shares Issued	Par Value	Issue/ Offer Price
08-Feb-69	2,000,000,000	1,000,000,000	₱0.01	₱0.01
22-Jul-75	2,000,000,000	937,760,548	0.01	0.01
16-Jul-79	6,000,000,000	6,058,354,933	0.01	0.01
12-Feb-88	10,000,000,000	7,643,377,695	0.01	0.02
08-Jun-93	10,000,000,000	8,216,141,069	0.01	0.01
15-Jul-94	70,000,000,000	50,170,865,849	0.01	0.01
24-Aug-05	1,000,000,000	264,454,741	1.00	1.00
06-Jun-11	2,200,000,000	1,165,237,923	1.00	1.00
12-Nov-12	4,200,000,000	2,027,395,343	1.00	1.00

Retained Earnings

The Group's retained earnings balance amounted to ₱2.91 billion and ₱3.30 billion as at September 30, 2019 and December 31, 2018, respectively. Retained earnings not available for declaration, computed based on the guidelines provided in SRC Rule 68, As Amended (2011), to the extent of (a) undistributed earnings of subsidiaries, associates and joint venture included in the Group's retained earnings amounted to ₱1,072.96 million and ₱1,285.25 million as at September 30, 2019 and December 31, 2018, respectively; and (b) cost of treasury shares amounted to ₱27.70 million and ₱27.71 million as at September 30, 2019 and December 31, 2018, respectively.

Treasury Shares

As a result of PHINMA Power becoming a wholly owned subsidiary of ACEPH effective January 1, 2013, the Parent Company's shares of stock held by PHINMA Power amounting to ₱28.79 million was considered as treasury shares. On December 21, 2018, PHINMA Power sold 1,152,000 shares of the Parent Company.

Other Equity Reserves

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Other equity reserves from joint venture (a)	**₱17,231**	₱17,231
Effect of purchase of ACE Enexor shares (b)	**(130,854)**	–
Effect of distribution of property dividends - ACE Enexor shares (c)	**1,107**	1,107
	(₱112,516)	₱18,338

(a) This relates to the accumulated share in expenses directly attributable to issuance of shares of stocks of SLTEC, one of the Parent Company's joint ventures (see Note 11).

(b) This represents the impact of ACEPH's purchase of PHINMA Inc.'s and PHINMA Corporation's combined stake in ACE Enexor. As at September 30, 2019, the Parent Company's effective ownership in ACE Enexor increased from 50.74% to 75.92%.

(c) This represents the impact of the property dividend distribution in the form of ACE Enexor shares on the equity attributable to equity holders of the Parent Company when the Parent Company's ownership interest decreased but did not result in loss of control. The Parent Company's effective ownership in ACE Enexor decreased from 100% to 50.74% in 2014.

Dividends Declared
Cash dividend declared in 2018 follows:

	Dividend			
Date of Declaration	Type	Rate	Amount	Record Date
February 28, 2018	Cash	₱0.04 per share	₱195,591	March 14, 2018

19. **Revenue from Sale of Electricity**

The table presents the Group's revenue from different revenue streams for the nine-month periods ended September 30, 2019 and 2018:

	For the three months ended September 30		**For the nine months ended September 30**	
	2019 (Unaudited)	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
Revenue from power supply contracts	**₱2,808,559**	₱3,095,766	**₱10,136,262**	₱10,386,043
Revenue from power generation and trading	**410,440**	403,966	**1,393,107**	1,216,490
	₱3,218,999	₱3,499,732	**₱11,529,369**	₱11,602,533

20. Costs of Sale of Electricity

	For the three months ended September 30		For the nine months ended September 30	
	2019 (Unaudited)	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
Costs of power purchased	**₱2,802,640**	₱2,732,106	**₱9,660,203**	₱10,049,263
Fuel (see Note 7)	**99,006**	138,233	**1,003,176**	681,979
Depreciation and amortization (see Note 23)	**88,068**	94,959	**302,334**	283,316
Transmission costs	**81,954**	36,743	**126,396**	42,413
Repairs and maintenance	**42,582**	41,578	**120,090**	121,957
Salaries (see Note 22)	**27,247**	22,645	**72,238**	77,688
Stations used	**12,387**	6,028	**64,934**	8,706
Taxes and licenses	**17,682**	12,681	**57,485**	52,395
Insurance	**19,211**	16,988	**54,862**	51,691
Pension and employee benefits (see Note 22)	**5,774**	6,355	**14,845**	17,732
Rent	**675**	20,059	**9,648**	58,867
Transportation and travel	**995**	2,414	**2,333**	3,708
Filing fees	**718**	2,022	**1,204**	2,561
Others	**8,368**	2,540	**16,536**	10,941
	₱3,207,307	₱3,135,351	**₱11,506,284**	₱11,463,217

21. General and Administrative Expenses

	For the three months ended September 30		For the nine months ended September 30	
	2019 (Unaudited)	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
Salaries and directors' fees (see Note 22)	**₱37,797**	₱35,856	**₱113,037**	₱113,383
Taxes and licenses	**30,081**	44,324	**92,572**	113,236
Management and professional fees (see Note 26)	**14,777**	14,161	**67,794**	71,367
Provision for probable losses	**–**	24,217	**34,493**	72,480
Pension and employee benefits (see Note 22)	**4,636**	5,815	**13,432**	17,215
Depreciation and amortization (see Note 23)	**1,256**	5,952	**12,269**	18,089
Building maintenance and repairs	**3,580**	5,389	**10,910**	13,858
Insurance, dues and subscriptions	**4,094**	3,640	**8,716**	8,781
Bank charges	**1,127**	1,271	**8,666**	10,247
Transportation and travel	**1,156**	2,492	**2,861**	7,407
Office supplies	**1,632**	451	**2,480**	3,302
Communication	**916**	698	**2,220**	–
Corporate social responsibilities	**50**	310	**2,016**	–
Meeting and conferences	**288**	369	**888**	2,631
Rent	**109**	521	**849**	1,925
Contractor's fee	**69**	844	**436**	3,838
Plug and abandonment	**–**	5,291	**202**	37,079
Others	**8,641**	6,805	**17,415**	13,914
	₱110,209	₱158,406	**₱391,256**	₱508,752

22. **Personnel Expenses**

	For the three months ended September 30		For the nine months ended September 30	
	2019 (Unaudited)	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
Salaries and directors' fees included under:				
Cost of sale of electricity (see Note 20)	**₱27,247**	₱22,645	**₱72,238**	₱77,688
General and administrative expenses (see Note 21)	**37,797**	35,856	**113,037**	113,383
Pension and other employee benefits included under:				
Cost of sale of electricity (see Note 20)	**5,774**	6,356	**14,845**	17,732
General and administrative expenses (see Note 21)	**4,636**	5,815	**13,432**	17,215
	₱75,454	₱70,672	**₱213,552**	₱226,018

23. **Depreciation and Amortization**

	For the three months ended September 30		For the nine months ended September 30	
	2019 (Unaudited)	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
Property, plant and equipment (see Notes 10 and 11)	**₱105,778**	₱96,373	**₱279,793**	₱287,792
Right-of-use assets (see Note 3)	**11,604**	–	**34,810**	–
Investment property	**–**	490	**–**	1,470
Leasehold rights (see Note 13)	**–**	4,048	**–**	12,143
	₱117,382	₱100,911	**₱314,603**	₱301,405
Cost of sale of electricity (see Note 20)	**₱116,126**	₱94,959	**₱302,334**	₱283,316
General and administrative expenses (see Note 21)	**1,256**	5,952	**12,269**	18,089
	₱117,382	₱100,911	**₱314,603**	₱301,405

24. **Other Income**

	For the three months ended September 30		For the nine months ended September 30	
	2019 (Unaudited)	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
Gain on sale of property, plant and equipment	**₱292,576**	₱261	**₱292,737**	₱261
Interest and other financial income	**28,581**	28,079	**62,274**	63,856
Gain on sale of asset held for sale (see Note 9)	**–**	–	**14,289**	–
Gain on sale of investment (see Note 11)	**–**	–	**1,375**	–
Foreign exchange gain (loss) - net	**872**	(1,478)	**(148)**	33,826
Loss on derivatives - net	**–**	(2,913)	**–**	(21,951)
Reimbursement of expense	**–**	–	**–**	28,626
Warranty claim	**–**	–	**–**	13,503
Others	**4,567**	42,307	**7,498**	2,424
	₱326,596	₱66,256	**₱378,025**	₱120,545

Others pertains to reimbursement of feasibility cost, reversal of outstanding payables, sale of scrap materials, refund of excess business taxes paid, oil hauling and disposal and reimbursement from a third party.

Financial Income
The details of interest and other financial income are as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019 (Unaudited)	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
Interest income on:				
Cash in banks (see Note 4)	**₱360**	₱625	**₱441**	₱817
Short-term deposits (see Note 4)	**2,992**	8,335	**15,115**	20,379
Receivables and others	**16,085**	12,875	**22,581**	25,931
Net gains on financial assets at FVTPL (Note 5)	**9,144**	6,244	**24,137**	16,729
	₱28,581	₱28,079	**₱62,274**	₱63,856

Interest and Other Finance Charges

The details of interest and other finance charges are as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019 (Unaudited)	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
Interest expense on:				
Long-term loans (see Note 16)	**₱81,651**	₱101,217	**₱291,217**	₱304,341
Short-term loans (see Note 16)	**583**	2,748	**9,236**	2,749
Lease liability (see Note 29)	**33,240**	4,122	**42,122**	12,299
Amortization of debt issue cost (see Note 16)	**910**	1,203	**9,648**	3,565
Asset retirement obligation	**–**	93	**–**	277
	₱116,384	₱109,383	**₱352,223**	₱323,231

25. **Income Taxes**

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the consolidated statements of income are:

	For the three months ended September 30		For the nine months ended September 30	
Income taxes	**2019 (Unaudited)**	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
Current	**₱3,554**	₱8,035	**₱18,683**	₱25,390
Deferred	**(114,282)**	322,277	**(78,114)**	65,514
Provision for (benefit from) income tax	**(₱110,728)**	₱330,312	**(₱59,431)**	₱90,904

Net deferred income tax assets and net deferred income tax liabilities amounted to ₱465.07 million and ₱180.21 million, respectively, as at September 30, 2019 and ₱261.35 million and ₱95.18 million, respectively, as at December 31, 2018.

As at September 30, 2019, the Parent Company recognized deferred tax assets of ₱138.71 million on net operating loss carry-over (NOLCO) from taxable years 2018 and 2017 due to change in forecast of taxable income as a result of new contract with a customer and renegotiated supply contracts entered into in 2019 (see Note 24).

Unrecognized deferred tax assets includes the tax effect of the allowance for impairment loss on property, plant and equipment, receivables, provision for probable losses and of the remaining unrecognized NOLCO. Deferred income tax assets have not been recognized on these temporary differences as management believes it is not probable that sufficient future taxable income will be available against which the related deferred income tax assets can be used.

26. Related Party Transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence which include affiliates. Related parties may be individual or corporate entities.

Outstanding balances at period-end are unsecured and are to be settled in cash throughout the financial year. There have been no guarantees provided or received for any related party receivables or payables. Provision for credit losses recognized for receivables from related parties is nil and amounted to ₱10.26 million for the nine months ended September 30, 2019 and year ended December 31, 2018, respectively. The assessment of collectability of receivables from related parties is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

In the ordinary course of business, the Group transacts with associates, affiliates, jointly controlled entities and other related parties on advances, loans, reimbursement of expenses, office space rentals, management service agreements and electricity supply. The transactions and balances of accounts as at and for the nine months ended September 30, 2019 and year ended December 31, 2018 related parties are as follows:

	As at and for the Nine Months Ended September 30, 2019					
			Outstanding Balance			
Company	Amount/ Volume	Nature	Receivable	Payable	Terms	Conditions
Parent						
AC Energy, Inc.						
General and administrative expenses	**₱24,454**	Management fee and bonus	**₱–**	**(₱21,209)**	30-day, non-interest bearing	Unsecured
Joint Ventures						
SLTEC						
Rental and other charges	**45,776**	Rent and share in expenses	**13,496**	**–**	30-day, non-interest bearing	Unsecured, no impairment
Cost of sale of electricity	**3,436,328**	Purchase of electricity	**–**	**(643,542)**	30-day, non-interest bearing	Unsecured
Associates						
MGI						
Cost of sale of electricity	**758,974**	Purchase of electricity	**–**	**(87,885)**	30-day, non-interest bearing	Unsecured
Asia Coal						
Due to related parties	**–**	Advances	**–**	**(254)**	Non-interest bearing	Unsecured

(Forward)

Company	Amount/ Volume	Nature	Receivable	Payable	Terms	Conditions
			As at and for the Nine Months Ended September 30, 2019			
			Outstanding Balance			
Entities Under Common Control						
Direct Power Services, Inc.						
Revenue from sale of electricity	**₱327,275**	Sale of electricity	**₱269,849**	**₱–**	30-60 day, non-interest bearing	Unsecured, no impairment
Other Related Parties						
Directors						
General and administrative expenses	**6,935**	Directors' fee and annual incentives	–	**(50)**	On demand	Unsecured
Stockholders						
Due to stockholders	–	Cash dividends	–	**(15,179)**	On demand	Unsecured
Total:						
Due from related parties (see Note 6)			**₱13,496**	**₱–**		
Accounts receivable trade			**269,849**	–		
Due to related parties (see Note 15)			–	**(752,890)**		
Accrued director's and annual incentives				**(50)**		
Due to stockholders (see Note 30)			–	**(15,179)**		

Company	Amount/ Volume	Nature
	For the Nine Months Ended September 30, 2019	
Former Ultimate Parent		
PHINMA, Inc.		
Rental and other income	₱108	Rent and share in expenses
General and administrative expenses	46,235	Management fees and share in expenses
Purchase of shares of stocks	74,738	Purchase of shares of stocks
Joint Venture		
PHINMA Solar		
Rental income	101	Rental income
Entities Under Common Control of former Ultimate Parent		
PHINMA Corporation		
Other income	316,273	Share in expenses
General and administrative expenses	426	Share in expenses
Accounts payable and other current liabilities	6,512	Purchase of dollar
Purchase of shares of stocks	79,254	Purchase of shares of stocks
Union Galvasteel Corp. (UGC)		
Dividend income	1,951	Cash dividend
Rental income	362	Rent
T-O Insurance, Inc.		
General and administrative expenses	6,084	Prepaid insurance and insurance expense
General and administrative expenses	44	Refund insurance premium
Emar Corp.		
Other income	64	Share in expenses
PhilCement		
Rental income	38	Rent

	As at and for the Year Ended December 31, 2018					
	Amount/		Outstanding Balance			
Company	Volume	Nature	Receivable	Payable	Terms	Conditions
Ultimate Parent						
PHINMA, Inc.						
Rental and other income	₱103	Rent and share in expenses	₱–	₱–	30-60 day, non-interest bearing	Unsecured
Due to related parties/ General and administrative expenses	27,968	Management fees and share in expenses	–	(23,521)	30-day, non-interest bearing	Unsecured
Accounts payable and other current liabilities	49,308	Cash dividend	–	–	Payable on April 05, 2018; subsequently on demand	Unsecured
Due to related parties	–	Rental deposit	–	(186)	End of lease term	Unsecured
Joint Ventures						
SLTEC						
Due to related parties/ Cost of sale of electricity	6,283,516	Purchase of electricity	–	(508,808)	30-day, non-interest bearing	Unsecured
Rental, dividend and other income	517,911	Rent, dividend and share in expenses	288,453	–	30-day, non-interest bearing	Unsecured, with impairment
Investments (see Note 11)	–	Dividends received	–	–	30-day, non-interest bearing	Unsecured
Due to related parties	–	Rental deposit	–	(497)	End of lease term	Unsecured
PHINMA Solar						
Due to related parties	–	Advances	–	(90,000)	Non-interest bearing	Unsecured
Associates						
MGI						
Due to related parties/ Cost of sale of electricity	1,142,885	Trading cost	–	(₱144,225)	30-day, non-interest bearing	Unsecured
Investments (see Note 11)	12,500	Dividend received	–	–	Non-interest bearing	Unsecured
Asia Coal						
Due to related parties	–	Advances	–	(254)	Non-interest bearing	Unsecured
Entities Under Common Control of former Ultimate Parent						
PHINMA Property Holdings Corporation (PPHC)						
Due to related parties	–	Advances	–	(171)	30-60 day, non-interest bearing	Unsecured
PHINMA Corporation						
Dividend and other income	5,804	Cash dividend and share in expenses	–	–	30-60 day, non-interest bearing	Unsecured
Due to related parties/ Other expenses	3,778	Share in expenses	–	(490)	30-day, non-interest bearing	Unsecured
Accounts payable and other current liabilities	51,293	Cash dividends	–	–	Payable on April 05, 2018; subsequently on demand	Unsecured
Union Galvasteel Corp. (UGC)						
Due from related parties/	619	Rental income and advances	123	–	30-60 day, non-interest bearing	Unsecured, no impairment
Receivables	225,000	Sale of 50% Interest in PHINMA Solar	45,000		Noninterest-bearing	Unsecured, no impairment
Due to related parties		Rental deposit	–	(158)		
Dividend income	3,458	Cash dividend	–	–	30-60 day, non-interest bearing	Unsecured
General and administrative expenses	136	Roofing materials	–	–	30-60 day, non-interest bearing	Unsecured
T-O Insurance, Inc.						
Due to related parties/ General and administrative expenses	59,146	Insurance expense and membership fees	–	(32,855)	30-60 day, non-interest bearing	Unsecured

(Forward)

Company	Amount/ Volume	Nature	Outstanding Balance Receivable	Payable	Terms	Conditions
	As at and for the Year Ended December 31, 2018					
Other Related Parties						
Directors						
General and administrative expenses	₱10,145	Directors' fee and annual incentives	₱–	₱–	On demand	Unsecured
Stockholders						
Due to stockholders	89,718	Cash dividends	–	(16,651)	On demand	Unsecured
Total:						
Due from related parties (see Note 6)			₱333,576	₱–		
Due to related parties (see Note 15)			–	(801,165)		
Due to stockholders (see Note 30)			–	(16,651)		

AC Energy
The Parent Company and its subsidiaries PHINMA Power, CIPP and PHINMA Renewable have management contracts with PHINMA, Inc. This Management Contracts were assigned to AC Energy on June 25, 2019 through the executed Deed of Assignment.

SLTEC
The transactions with SLTEC include the sale and purchase of electricity, reimbursements of expenses and receipt of dividends.

MGI
The Parent Company purchases the entire net electricity output of MGI (see Note 29). Other transactions with MGI include reimbursements of expenses and advances for future subscriptions. In 2018, the Parent Company invested to MGI additional capital amounting to ₱12.50 million (see Note 11).

Directors
The Group recognizes bonus to directors computed based on net income before the effect of the application of the equity method of accounting.

Retirement Fund
The fund is managed by a trustee under the PHINMA Jumbo Retirement Plan.

Compensation of Key Management Personnel
Compensation of key management personnel of the Group amounted to ₱42.53 million and ₱41.22 million for the nine months ended September 30, 2019 and 2018, respectively.

27. Earnings (Loss) Per Share

Basic and diluted EPS are computed as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019 (Unaudited)	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
	(In Thousands, Except for Number of Shares and Per Share Amounts)			
(a) Net income (loss) attributable to equity holders of Parent Company	**₱203,382**	(₱80,494)	**(₱348,483)**	(₱129,998)
Common shares outstanding at beginning of period (see Note 18)	**5,834,595,435**	4,889,774,922	**4,889,774,922**	4,889,774,922
Weighted average number of common shares	**–**	–	**944,820,513**	–
(b) Weighted average common shares outstanding	**5,834,595,435**	4,889,774,922	**5,834,595,435**	4,889,774,922
Basic/Diluted loss per share (a/b)	**₱0.03**	(₱0.02)	**(₱0.06)**	(₱0.03)

On June 25, 2019, AC Energy subscribed to 2,632,000,000 shares of ACEPH at par value of ₱1.00 per share on closing date.

For the nine months ended September 30, 2019 and 2018, the Parent Company does not have any potential common shares or other instruments that may entitle the holder to common shares. Consequently, diluted earnings (loss) per share is the same as basic earnings (loss) per share for the nine months ended September 30, 2019 and 2018.

28. Material Partly-Owned Subsidiary

Financial information of ACE Enexor that has material NCI is provided below:

Equity interest of ACE Enexor held by NCI is 23.680% and 48.868% as at September 30, 2019 and December 31, 2018, respectively.

Accumulated balances of NCI in ACE Enexor amounted to ₱17.48 million and ₱44.66 million as at September 30, 2019 and December 31, 2018, respectively.

Net loss of ACE Enexor allocated to NCI for the periods ended September are as follows:

	For the three months ended September 30		For the nine months ended September 30	
	2019 (Unaudited)	2018 (Unaudited)	**2019 (Unaudited)**	2018 (Unaudited)
Net loss allocated to NCI	**₱1,704**	₱1,367	**₱4,399**	₱29,474

Summarized statements of financial position of PHINMMA Petroleum as at September 30, 2019 and December 31, 2018 are as follows:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Current assets	**₱57,012**	₱63,753
Noncurrent assets	**29,843**	29,527
Current liabilities	**11,512**	1,590
Noncurrent liability	**–**	281
Total equity	**₱75,343**	₱91,409
Attributable to:		
Equity holders of the Parent Company	**₱57,866**	₱46,751
NCI	**17,477**	44,658
	₱75,343	₱91,409

Summarized statements of income and statements of comprehensive income of ACE Enexor for the nine months ended September 30, 2019 and 2018 are as follows:

	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
Expenses	**₱17,745**	₱61,340
Other income - net	**(1,351)**	(1,152)
Provision for (benefit from) deferred income tax	**(277)**	136
Net loss	**₱16,117**	₱60,324
Total comprehensive loss attributable to:		
Equity holders of the Parent Company	**₱11,718**	₱30,845
NCI	**4,399**	29,479
	₱16,117	₱60,324

Summarized statements of cash flows of ACE Enexor are as follows:

	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
Operating activities	**(₱23,353)**	(₱16,061)
Investing activities	**58,439**	19,025
Net increase in cash and cash equivalents	**₱35,086**	₱2,964

There were no dividends paid to NCI of ACE Enexor for the nine months ended September 30, 2019 and for the year ended December 31, 2018.

29. **Significant Laws, Commitments and Contracts**

Wind Energy Service Contracts
PHINMA Renewable was awarded 12 wind service contract areas with an aggregate capacity estimated at 400 MW. This includes the 54 MW San Lorenzo Wind Project (SLWP) which started delivering power to the grid on October 7, 2014 and declared commercial operations on December 27, 2014. PHINMA Renewable sells its generated electricity to the WESM under the FIT System.

Feed-in-Tariff (FIT)
On June 10, 2015, the SLWP was issued a Certificate of Endorsement for Feed-In Tariff Eligibility by the DOE. On December 1, 2015, PHINMA Renewable received its Certificate of Compliance from the ERC which entitles PHINMA Renewable to recognize its FIT at an approved rate of ₱7.40, with a retroactive period beginning December 27, 2014, for a guaranteed period of twenty (20) years until December 26, 2034. Outstanding receivable under the FIT System amounted to ₱129.97 million and ₱190.89 million as at September 30, 2019 and December 31, 2018, respectively.

Capital Commitments
The Parent Company has contractual commitments and obligations for the rehabilitation of One Subic Power with a total amount of ₱542 million as at September 30, 2019 (see Note 13).

Power Supply Agreement with MERALCO

Baseload Demand
On September 9, 2019, the bid submitted by ACEPH was declared as one of the best bids of MERALCO's 1200 MW. The Parent Company will supply MERALCO a baseload demand of 200MW from December 26, 2019 until December 25, 2029 subject to the approval of the Energy Regulatory Commission.

Mid-merit Supply
On September 11, 2019, the bid submitted by ACEPH was declared as one of the best bids of MERALCO's 500 MW. The Parent Company will supply MERALCO a baseload demand of 110MW from December 26, 2019 until December 25, 2024 subject to the approval of the Energy Regulatory Commission.

Power Purchase Agreement / Contract to Purchase Generated Electricity
ACEPH entered into contracts with MGI and third parties where the Parent Company will purchase the entire or a portion of the net electricity output of the power plants for a period ranging from three (3) to twenty (20) years at an agreed price, subject to certain adjustments.

Administration and Management Agreement (AMA)
ACEPH entered into contract with SLTEC where the Parent Company will purchase the entire net electricity output of SLTEC from April 24, 2015 to April 23, 2040 for Unit 1 and from February 21, 2016 to February 20, 2041 for Unit 2. The contract was amended effective August 26, 2019 to include the supply of the necessary coal to generate electricity at an agreed price, subject to certain adjustments.

Ancillary Services Procurement Agreements (ASPA) with NGCP
ACEPH and certain subsidiaries executed ASPAs with NGCP. Under the ASPA, the power plants will provide contingency and dispatchable reserves to NGCP to ensure reliability in the operation of the transmission system and the electricity supply in the Luzon Grid for five (5) years upon the effectivity of the provisional approval or final approval issued by the ERC. ERC's provisional approval is extended every year.

Electricity Supply Agreement (ESA)/ Contract for the Sale of Electricity (CSE) with GUIMELCO
On November 12, 2003, ACEPH signed an ESA with GUIMELCO, under which ACEPH agreed to construct, operate and maintain a 3.4 MW bunker C-fired diesel generator power station and to supply GUIMELCO with electricity based on the terms and conditions set forth in the ESA. The power plant commenced commercial operations on June 26, 2005.

Upon the expiration of the ESA, the parties entered into a CSE on March 2015. Under the contract, ACEPH shall supply, for a period of 10 years from fulfillment of the conditions precedent indicated in the contract, all of GUIMELCO's electricity requirements that are not covered by GUIMELCO's base load supply. On February 1, 2018, ACEPH has invoked a change in circumstances under the CSE considering that the passage of Tax Reform for Acceleration and Inclusion (TRAIN) law was not contemplated by parties during execution of CSE. The parties executed a Termination Agreement on March 21, 2018 effectively terminating the CSE.

Other ESAs/ CSEs with customers
ACEPH signed contracts to supply the energy requirements of various bilateral and RES contestable customers with a duration ranging from one (1) to fifteen (15) years.

Service Contracts with the DOE

Solar Energy Service Contract (SESC) (Bugallon, Pangasinan)
On May 22, 2017, the DOE awarded a SESC to the Parent Company, which grants the Parent Company the exclusive right to explore, develop and utilize the solar energy resource in a 648-hectare area in the Municipality of Bugallon, Province of Pangasinan. Pre-development activities were done for a 45MW ground mount fixed-tilt grid tied solar PV plant in the service contract area. The term of the service contract is twenty-five (25) years, extendable for another 25 years. As at November 11, 2019, all costs of the Bugallon Solar project were not capitalized as these were costs incurred prior to exploration and development activities.

Solar Energy Service Contract (Lipa City and Padre Garcia, Batangas)
On July 18, 2017, the DOE awarded a SESC to the Parent Company, which grants the Parent Company the exclusive right to explore, develop and utilize the solar energy resource in a 486 hectare area in the City of Lipa and Municipality of Padre Garcia, Province of Batangas. The Parent Company hopes to construct a 45MW ground mount fixed-tilt grid connected solar plant in the service contract area. All technical studies were completed and necessary permits were secured such as the ECC as well as local government endorsement. The term of the service contract is twenty-five (25) years, extendable for another 25 years. As at November 11, 2019, all costs of the Lipa and Padre Garcia Solar project were not capitalized as these were costs incurred prior to exploration and development activities.

Operating Lease Commitments

ACEPH's Lease Agreement with GUIMELCO
The Parent Company has entered into a lease agreement with GUIMELCO for a parcel of land used only as a site for electric generating plant and facilities. The term of the lease is 10 years with a renewal option included in the contract. The Parent Company is given the first option to buy the property if the lessor decides to sell the land. The lease is at a fixed monthly rate of ₱0.04 million for the duration of the lease term. On March 27, 2015, the lease agreement was extended for another 10 years. On January 24, 2019, the Guimaras Power Plant was sold to S. I. Power Corporation. Consequently, in view of the sale, the Parent Company intends to terminate the lease with GUIMELCO in 2019.

One Subic Power's Facilities Lease Agreement with SBMA
One Subic Power has a lease contract with SBMA for a parcel of land and electric generating plant and facilities. The lease was originally entered on July 20, 2010 and was valid for five years. The agreement was amended on October 24, 2012 to extend the term of the lease to July 19, 2020 with an option to renew for another five years. On December 21, 2017, SBMA informed One Subic Power that its BOD has approved the amendments of the FLA extending the lease term until July 19, 2030.

On April 3, 2018, the third amendment was signed and approved. For the nine months ended September 30, 2019, One Subic Power recognized finance charges on the lease liabilities amounting to ₱28.69 million included under "Interest and Other Finance Charges" account (see Note 24).

PHINMA Renewable's Lease Agreement with Various Land Owners
PHINMA Renewable has entered into various lease agreements with individual land owners where the present value of the minimum lease payments does not amount to at least substantially all of the fair value of the leased assets, which indicates that the risks and rewards relates to the asset are retained with the land owners. These leases are classified as operating leases and have terms of twenty (20) to twenty-five (25) years. For the nine months ended September 30, 2019, PHINMA Renewable recognized finance charges on the lease liabilities amounting to ₱0.19 million included under "Interest and Other Finance Charges" account (see Note 24).

Easements and Right of Way Agreements
In 2014, PHINMA Renewable also entered to various easements and right of way agreements with land owners in Guimaras for the erection of transmission lines that will connect the 54 MW wind farm project located in San Lorenzo, Guimaras to the grid. One-off payments made by PHINMA Renewable to various land owners to cover the 25-year easement and right of way agreements were recognized as prepaid rent in the consolidated statements of financial position and amortized over the term of the lease. The amortization of the lease during the construction period was capitalized as part of the cost of the wind farm.

Lease liabilities

PHINMA Renewable's Lease Agreement with Various Landowners
PHINMA Renewable has entered into various lease agreements with individual land owners where the present value of the minimum lease payments amounted to at least substantially all of the fair value of the leased assets, which indicate that the risks and rewards relates to the assets are transferred to PHINMA Renewable. These leases are classified as finance leases and have terms of twenty (20) to twenty-five (25) years.

Future minimum lease payments under these agreements are as follows:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Within one year	**₱14,811**	₱16,778
After one year but not more than five years	**60,153**	58,380
More than five years	**233,378**	251,179
Total minimum lease liability payments	**308,342**	326,337
Less amount representing unamortized interest	**226,094**	239,235
Present value of net minimum lease liability payments	**82,248**	87,102
Less lease liabilities maturing within one year	**14,727**	14,803
Noncurrent portion of lease liabilities	**₱67,521**	₱72,299

For the nine months ended September 30, 2019 and 2018, PHINMA Renewable recognized finance charges on lease liabilities amounting to ₱13.14 million and ₱16.63 million, respectively, included under "Interest and Other Finance Charges" account (see Note 24).

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

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Prepaid rent:		
Current	**₱1,784**	₱2,267
Noncurrent	**173**	1,352
	₱1,957	₱3,619

30. **Financial Risk Management Objectives and Policies**

Objectives and Investment Policies

The funds of the entities are held directly by the Group and are managed by AC Energy's Risk, Corporate Finance, Investor Relations and Treasury Group (RCIT). All Cash investments of the Group are carried and governed by the following principles, stated in order of importance:

- Preservation of invested cash
- Liquidity of invested cash; and
- Yield on invested cash. Under no circumstance is yield to trump the absolute requirement that the principal amount of investment be preserved and placed in liquid instruments

RCIT manages the funds of the Group and invests them in highly liquid instruments such as short-term deposits, marketable instruments, corporate promissory notes and bonds, government bonds, and trust funds denominated in Philippine peso and U.S. dollar. It is responsible for the sound and prudent management of the Group's financial assets that finance the Group's operations and investments in enterprises.

RCIT focuses on the following major risks that may affect its transactions:

- Foreign exchange risk
- Credit or counterparty risk
- Liquidity risk
- Market risk
- Interest rate risk

Professional competence, prudence, clear and strong separation of office functions, due diligence and use of risk management tools are exercised at all times in the handling of the funds of the Group.

<u>Risk Management Process</u>

Foreign Exchange Risk
The Group defines Foreign Exchange Risk as the risk of realizing reduced operating cash flows and/or increasing the volatility of future earnings from movements in foreign exchange. The risk is measured based on potential downside impact of market volatility to operating cash flows and target earnings.

Foreign exchange risk is generally managed in accordance with the Natural Hedge principle and further evaluated through:

- Continual monitoring of global and domestic political and economic environments that have impact on foreign exchange;
- Regular discussions with banks to get multiple perspectives on currency trends/forecasts; and
- Constant updating of the foreign currency holdings gains and losses to ensure prompt decisions if the need arises.

In the event that a Natural Hedge is not apparent, the Group endeavors to actively manage its open foreign currency exposures through:

- Trading either by spot conversions; and
- Entering into derivative forward transactions on a deliverable or non-deliverable basis to protect values

The Group's significant foreign currency-denominated financial assets and financial liabilities as at September 30, 2019 and December 31, 2018 are as follows:

	September 30, 2019 (Unaudited)		December 31, 2018 (Audited)	
	U.S. Dollar (US$)	**Euro (€)**	U.S. Dollar (US$)	Euro (€)
Financial Assets				
Cash and cash equivalents	**$950**	**€–**	$872	€–
Short-term investments	**–**	**–**	672	–
Other receivables	**1**	**–**	190	–
	951	**–**	1,734	–
Financial Liabilities				
Accounts payable and other current liabilities	**(330)**	**(1,450)**	(256)	(44)
Due to related parties	**–**		(480)	
	(330)	**(1,450)**	(736)	(44)
Net foreign currency-denominated assets (liabilities)	**$621**	**(€1,450)**	$998	(€44)
Peso equivalent	**₱32,186**	**(₱82,592)**	₱52,475	₱2,654

In translating foreign currency-denominated financial assets and financial liabilities into Philippine Peso amounts, the exchange rate used were ₱51.83 to US$1.00 and ₱56.96 to €1.00 as at September 30, 2019 and ₱52.58 to US$1.00 and ₱60.31 to €1.00 as at December 31, 2018.

The following tables demonstrate the sensitivity to a reasonably possible change in the exchange rate, with all other variables held constant, of the Group's profit before tax (due to the changes in the fair value of monetary assets and liabilities) in 2019 and 2018. The possible changes are based on the survey conducted by management among its banks. There is no impact on the Group's equity other than those already affecting the profit or loss. The effect on profit before tax already includes the impact of derivatives (see Note 31).

Year	**Increase (Decrease) in Foreign Exchange Rate**	**US$**	**Euro (€)**
2019	**(₱0.50)**	**(₱311)**	**(₱725)**
	(1.00)	**(621)**	**(1,450)**
	0.50	**311**	**725**
	1.00	**621**	**1,450**
2018	(₱0.50)	(₱499)	₱22
	(1.00)	(998)	44
	0.50	499	(22)
	1.00	998	(44)

Credit or Counterparty Risk
The Group defines Credit or Counterparty Risk as the risk of sustaining a loss resulting from a counterparty's default to a transaction entered with the Group.

Credit or counterparty risk is managed through the following:

- Investments are coursed through or transacted with duly accredited domestic and foreign banks subject to investment limits per counterparty as approved by the Board.
- Discussions are done on every major investment by RCIT before it is executed subject to the Group's Chief Financial Officer (CFO) approval. Exposure limits are tracked for every transaction and RCIT Finance Managers supervise major transaction executions.
- Market and portfolio reviews are done at least once a week and as often as necessary should market conditions require. Monthly reports are given to the CFO with updates in between these reports as needed.
- A custodian bank for Philippine peso instruments and foreign currency instruments has been appointed based on its track record on such service and the bank's financial competence.

With respect to credit risk arising from the receivables of the Group, its exposures arise from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

	September 30, 2019 (Unaudited)					
	Neither Past Due nor Impaired			**Past Due but not**	**Past Due Individually**	
	Class A	**Class B**	**Class C**	**Impaired**	**Impaired**	**Total**
Trade and other receivables						
Current:						
Trade receivables	**₱1,755,405**	**₱–**	**₱–**	**₱574,978**	**₱40,922**	**₱2,371,305**
Due from related parties	**–**	**3,236**	**–**	**–**	**10,260**	**13,496**
Others	**–**	**216,852**	**–**	**2,021**	**80,152**	**299,025**
Noncurrent						
Trade receivables	**–**	**–**	**–**	**1,123,506**	**13,751**	**1,137,257**
Receivables from third parties	**–**	**502,462**	**–**	**–**	**–**	**502,462**
	₱1,755,405	**₱722,550**	**₱–**	**₱1,700,505**	**₱145,085**	**₱4,323,545**

	December 31, 2018 (Audited)					
	Neither Past Due nor Impaired			Past Due but not	Past Due Individually	
	Class A	Class B	Class C	Impaired	Impaired	Total
Trade and other receivables						
Current:						
Trade receivables	₱1,712,945	₱–	₱–	₱400,481	₱40,922	₱2,154,348
Due from related parties	–	320,642	–	2,674	10,260	333,576
Others	–	183,751	–	6,798	80,152	270,701
Noncurrent						
Trade receivables	–	–	–	1,123,511	13,751	1,137,262
Receivables from third parties	–	501,266	–	–	–	501,266
	₱1,712,945	₱1,005,659	₱–	₱1,533,464	₱145,085	₱4,397,153

The Group uses the following criteria to rate credit risk as to class:

Class	Description
Class A	Customers with excellent paying habits
Class B	Customers with good paying habits
Class C	Unsecured accounts

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, short-term investments, financial assets at FVOCI, financial assets at FVTPL and derivative instruments, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The Group's assessments of the credit quality of its financial assets are as follows:

- Cash and cash equivalents, short-term investments, derivative assets and financial assets at FVTPL were assessed as high grade since these are deposited in or transacted with reputable banks, which have low probability of insolvency.
- Listed and unlisted financial assets at FVOCI were assessed as high grade since these are investments in instruments that have a recognized foreign or local third party rating or instruments which carry guaranty or collateral.

There are no significant concentrations of credit risk within the Group.

Maximum exposure to credit risk of financial assets not subject to impairment
The gross carrying amount of financial assets not subject to impairment also represents the Group's maximum exposure to credit risk, as follows:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Financial Assets at FVTPL	**₱764,490**	₱749,191
Financial Assets at FVOCI	**12,314**	257,995
	₱776,804	₱1,007,186

Maximum exposure to credit risk of financial assets subject to impairment
The gross carrying amount of financial assets subject to impairment are as follows:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Financial Assets at Amortized Cost (Portfolio 1)		
Cash and cash equivalents	**₱2,938,741**	₱1,022,366
Short-term investments	–	35,326
Under "Receivables" account		
Trade receivables	**2,371,305**	2,154,348
Due from related parties	**13,496**	333,576
Others	**299,025**	270,701
Under "Other Noncurrent Assets" account		
Trade receivables	**1,137,262**	1,137,262
Receivables from third parties	**502,462**	501,266
	₱7,262,291	₱5,454,845

The Group's maximum exposure to credit risk are as follows:

	September 30, 2019 (Unaudited)				
	12-month	**Lifetime ECL**			**Total**
Grade	**Stage 1**	**Stage 2**	**Stage 3**	**Simplified Approach**	
High	**₱2,938,741**	**₱–**	**₱–**	**₱1,755,405**	**₱4,694,146**
Standard	–	–	–	**722,550**	**722,550**
Substandard	–	–	–	**1,700,505**	**1,700,505**
Default	–	–	**143,140**	**1,950**	**145,090**
Gross carrying amount	**2,938,741**	–	**143,140**	**4,180,410**	**7,262,291**
Less loss allowance	–	–	**143,140**	**1,950**	**145,090**
Carrying amount	**₱2,938,741**	**₱–**	**₱–**	**₱4,178,460**	**₱7,117,201**

	December 31, 2018 (Audited)				
	12-month	**Lifetime ECL**			**Total**
Grade	**Stage 1**	**Stage 2**	**Stage 3**	**Simplified Approach**	
High	₱1,057,692	₱–	₱–	₱1,712,945	₱2,770,637
Standard	–	–	–	1,005,738	1,005,738
Substandard	–	–	–	1,533,464	1,533,464
Default	–	–	143,140	1,950	145,090
Gross carrying amount	1,057,692	–	143,140	4,254,097	5,454,929
Less loss allowance	–	–	143,140	1,950	145,090
Carrying amount	₱1,057,692	₱–	₱–	₱4,252,147	₱5,309,839

Liquidity Risk

Liquidity risk is defined as the risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price.

Liquidity risk is managed through:

- Asset and Liability Management principle. Short-term assets are used to fund short-term liabilities while major investments, capital expenditures and long-term assets are funded by long-term liabilities.
- Detailed cash flow forecasting and continuous monitoring of the weekly and monthly cash flows as well as frequent updates of the annual plans of the Group.
- Investment maturities being spread on a weekly, monthly, and annual basis as indicated in the Group's plans. Average duration of investments do not exceed one (1) year.
- Setting up working capital lines to address unforeseen cash requirements that may cause pressure to liquidity.

	September 30, 2019 (Unaudited)					
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**Over 12 Months to 5 Years**	**More than 5 Years**	**Total**
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable	**₱–**	**₱858,207**	**₱666,446**	**₱–**	**₱–**	**₱1,524,653**
Retention payable	**–**	**1,046**	**–**	**–**	**–**	**1,046**
Accrued expenses [a]	**–**	**57,531**	**–**	**–**	**–**	**57,531**
Accrued interest	**–**	**56,661**	**–**	**–**	**–**	**56,661**
Due to related parties	**–**	**752,939**	**–**	**–**	**–**	**752,939**
Deposit payable	**–**	**–**	**1,323**	**–**	**–**	**1,323**
Others [b]	**–**	**108**	**–**	**–**	**–**	**108**
Due to stockholders	**15,179**	**–**	**–**	**–**	**–**	**15,179**
Lease liabilities [c]	**–**	**5,951**	**8,860**	**38,184**	**233,378**	**286,373**
Long-term loans [d]	**–**	**–**	**286,543**	**976,000**	**3,889,533**	**5,152,076**
Other noncurrent liabilities [e]	**1,123,506**	**–**	**12,803**	**–**	**–**	**1,136,309**
	₱1,138,685	**₱1,732,443**	**₱975,975**	**₱1,014,184**	**₱4,122,911**	**₱8,984,198**

[a] ***Excluding current portion of vacation and sick leave accruals amounting to ₱6.50 million (see Note 27).***
[b] ***Excluding payable to officers and employees amounting to ₱1.42 million.***
[c] ***Gross contractual payments.***
[d] ***Including contractual interest payments.***
[e] ***Excluding noncurrent portion of lease liabilities amounting to ₱67.52 million and deposits payable (see Note 17).***

	December 31, 2018 (Audited)					
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months to 5 Years	More than 5 Years	Total
Accounts payable and other current liabilities:						
Trade and nontrade accounts payable	₱–	₱569,613	₱134,106	₱7,940	₱–	₱711,659
Retention payable	–	1,096	–	–	–	1,096
Accrued expenses [a]	19,720	80,426	14,888	–	–	115,034
Accrued interest	–	19,581	59,716	–	–	79,297
Due to related parties	–	784,990	16,175	–	–	801,165
Others [b]	–	54	4,605	–	–	4,659
Due to stockholders	16,651	–	–	–	–	16,651
Short-term loans [d]	–	5,425	410,033	–	–	415,458
Lease liabilities [c]	–	5,304	11,474	58,380	251,179	326,337
Long-term loans [d]	–	273,692	266,213	2,718,367	3,229,049	6,487,321
Other noncurrent liabilities [e]	1,123,511	–	–	–	–	1,123,511
	₱1,159,882	₱1,740,181	₱917,210	₱2,784,687	₱3,480,228	₱10,082,188

[a] *Excluding current portion of vacation and sick leave accruals amounting to ₱6.50 million (see Note 27).*
[b] *Excluding payable to officers and employees amounting to ₱3.53 million.*
[c] *Gross contractual payments.*
[d] *Including contractual interest payments.*
[e] *Excluding noncurrent portion of lease liabilities amounting to ₱72.30 million and deposit payable (see Note 17).*

As at September 30, 2019 and December 31, 2018, the profile of financial assets used to manage the Group's liquidity risk is as follows:

	September 30, 2019 (Unaudited)				
	On Demand	**Less than 3 Months**	**3 to 12 Months**	**Over 12 Months**	**Total**
Loans and receivables:					
Current:					
Cash and cash equivalents	**₱2,938,741**	**₱–**	**₱–**	**₱–**	**₱2,938,741**
Receivables:					
Trade	**781,541**	**1,589,764**	**–**	**–**	**2,371,305**
Due from related parties	**13,496**	**–**	**–**	**–**	**13,496**
Others	**299,025**	**–**	**–**	**–**	**299,025**
Deposit receivables*	**–**	**–**	**89,465**	**–**	**89,465**
Noncurrent:					
Trade receivables	**1,123,506**	**–**	**–**	**–**	**1,123,506**
Receivable from third parties	**–**	**–**	**–**	**502,462**	**502,462**
Deposit receivables	**–**	**–**	**–**	**104,725**	**104,725**
Financial assets at FVTPL	**764,490**	**–**	**–**	**–**	**764,490**
Derivative assets	**4**	**–**	**–**	**–**	**4**
Financial assets at FVOCI:					
Quoted	**–**	**–**	**–**	**11,094**	**11,094**
Unquoted	**–**	**–**	**–**	**1,220**	**1,220**
	₱5,920,803	**₱1,589,764**	**₱89,465**	**₱619,501**	**₱8,219,533**

[*] *Excluding non-refundable deposits amounting to ₱7.98 million.*

	December 31, 2018 (Audited)				
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	Total
Loans and receivables:					
Current:					
Cash and cash equivalents	₱1,022,366	₱–	₱–	₱–	₱1,022,366
Short-term investments	35,326	–	–	–	35,326
Receivables:					
Trade	441,403	1,712,945	–	–	2,154,348
Due from related parties	12,855	320,721	–	–	333,576
Others	86,952	183,749	–	–	270,701
Deposit receivables*	–	–	86,665	–	86,665
(Forward)					

	December 31, 2018 (Audited)				
	On Demand	Less than 3 Months	3 to 12 Months	Over 12 Months	Total
Noncurrent:					
Trade receivables	₱1,123,511	₱–	₱–	₱–	₱1,123,511
Receivable from third parties	–	–	–	501,266	501,266
Deposit receivables	–	–	–	102,346	102,346
Financial assets at FVTPL	749,191	–	–	–	749,191
Derivative assets	–	4	–	–	4
Financial assets at FVOCI:					
Quoted	–	–	–	137,096	137,096
Unquoted	–	–	–	120,899	120,899
	₱3,471,604	₱2,217,419	₱86,665	₱861,607	₱6,637,295

* *Excluding non-refundable deposits amounting to ₱13.52 million.*

Market Risk
Market risk is the risk that the value of an investment will decrease due to drastic adverse market movements that consist of interest rate fluctuations affecting bid values or fluctuations in stock market valuation due to gyrations in offshore equity markets or business and economic changes. Interest rate, foreign exchange rates and risk appetite are factors of a market risk as the summation of the three defines the value of an instrument or a financial asset.

As at September 30, 2019, the Group has already liquidated all outstanding investment in marketable securities and will discontinue investing in highly volatile financial instruments to keep a risk-averse position.

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As at September 30, 2019 and December 31, 2018, the Group has fixed rate financial instruments measured at fair value.

The Group's exposure to interest rate risk relates primarily to long-term debt obligations that bear floating interest rate. The Group generally mitigates risk of changes in market interest rates by constantly monitoring fluctuations of interest rates and maintaining a mix of fixed and floating interest-bearing loans. Specific interest rate risk policies are as follows:

PHINMA Renewable
PHINMA Renewable entered into a ₱4.30 billion peso-denominated Term Loan Facility that will be used to partially finance the 54MW San Lorenzo Wind Farm. The loan facility is divided into two tranches amounting to ₱2.15 billion each - DBP as the Tranche A lender and SBC as the Tranche B lender.

Both tranches have a term of fifteen (15) years with semi-annual interest payments starting on the date on which the loan is made. The interest of Tranche A bears a fixed rate for the first ten (10) years and is subject to an interest rate repricing on the last five (5) years.

On April 28, 2016, PHINMA Renewable prepaid a portion of its long-term debt in accordance with the terms of the Agreement as follows:

- PHINMA Renewable shall effect a mandatory prepayment of the loan, without premium or penalty, within three (3) business days from receipt by PHINMA Renewable of any transmission line proceeds;
- prepay the loan to the extent of seventy percent (70%) of the transmission line proceeds;
- the remaining thirty percent (30%) shall be transferred directly into PHINMA Renewable controlled distribution account for further distribution to the Project Sponsor.

<u>ACEPH</u>
In 2014, the Parent Company also availed a total of peso-denominated ₱3.00 billion corporate notes and loan agreements from CBC, SBC and BDO to be used to fund its projects and working capital. SBC has a term of five (5) years with quarterly payments starting on the 5th quarter drawdown. Both BDO and CBC have a term of ten (10) years with quarterly payments starting on the 5th quarter drawdown having fixed interest rates to be repriced for the last three (3) years.

On June 28, 2019 and July 08, 2019, the Parent Company prepaid its floating rate debt with SBC and BDO amounting to ₱0.93 million and ₱0.40 million, respectively. This is in line with the Parent Company's objective to mitigate uncertainties in its earnings and cash flows.

The following table sets out the carrying amount, by maturity of the Group's financial assets and financial liabilities that are exposed to interest rate risk:

	September 30, 2019 (Unaudited)						
	Interest Rates	**Within 1 year**	**More than 1 year to 2 years**	**More than 2 years to 3 years**	**More than 3 years to 4 years**	**Beyond 4 years**	**Total**
Long-term loans							
<u>PHINMA Renewable</u>							
DBP	**6.25 - 8.36%**	**₱57,799**	**₱61,559**	**₱65,766**	**₱74,225**	**₱506,193**	**₱765,542**
SBC	**6.57 - 6.74%**	**59,140**	**63,112**	**67,333**	**75,802**	**492,769**	**758,156**
<u>ACEPH</u>							
BDO	**5.81 - 6.55%**	**9,422**	**9,347**	**9,326**	**9,306**	**419,526**	**456,927**
CBC	**5.68 - 7.13%**	**29,954**	**29,044**	**27,960**	**27,908**	**1,251,351**	**1,366,217**
DBP	**6.00 - 6.09%**	**66,377**	**71,128**	**75,884**	**80,645**	**609,855**	**903,889**
SBC	**6.50 - 6.59%**	**66,379**	**71,129**	**75,883**	**80,644**	**609,838**	**903,873**
Special savings account (SSA) - Peso	**0.50 - 3.625%**	**2,092,331**	**–**	**–**	**–**	**–**	**2,092,331**
Special savings account (SSA) - Dollar	**0.25 - 1.00%**	**12,231**	**–**	**–**	**–**	**–**	**12,231**

	December 31, 2018 (Audited)						
	Interest Rates	Within 1 year	More than 1 year to 2 years	More than 2 years to 3 years	More than 3 years to 4 years	Beyond 4 years	Total
Long-term loans							
<u>PHINMA Renewable</u>							
DBP	6.25 - 8.36%	₱54,410	₱57,365	₱61,559	₱65,766	₱580,419	₱819,519
SBC	6.57 - 6.74%	55,348	58,904	63,112	67,333	568,572	813,269
<u>ACEPH</u>							
Short-term loan							
BDO	5.25%	400,000	–	–	–	–	400,000
Long-term loan							
BDO	5.81 - 6.55%	9,386	9,363	9,340	9,320	424,060	461,469
CBC	5.68 - 7.13%	29,966	29,949	28,553	27,949	1,272,278	1,388,695
SBC	8.69%	(4,541)	927,602	–	–	–	923,061
DBP	6.00 - 6.09%	61,435	66,383	71,136	75,893	690,623	965,470
SBC	6.50 - 6.59%	61,435	66,383	71,136	75,893	690,605	965,452
Special savings account (SSA) - Peso	1.60 - 6.90%	830,685	–	–	–	–	830,685
Special savings account (SSA) - Dollar	1.50 - 3.00%	44,411	–	–	–	–	44,411
Short-term investments	–	30,285	–	–	–	–	30,285

The other financial instruments of the Group that are not included in the preceding table are not subject to interest rate repricing and are therefore not subject to interest rate volatility.

The following tables demonstrate the sensitivity to a reasonably possible change in the interest rates, with all other variables held constant, of the Group's profit before tax for the nine months ended September 30, 2019 and for the year ended December 31, 2018. The possible change are based on the survey conducted by management among its banks. There is no impact on the Group's equity other than those already affecting the profit or loss.

	September 30, 2019 (Unaudited)	
	Increase (Decrease) in Basis Points	**Effect on Profit Before Tax Increase (Decrease)**
Long-term loans	**25**	**(₱15,480)**
	(25)	**15,480**
SSA	**25**	**5,342**
	(25)	**(5,342)**

	December 31, 2018 (Audited)	
	Increase (Decrease) in Basis Points	Effect on Profit Before Tax Increase (Decrease)
Long-term loans	25	(₱15,615)
	(25)	15,615
SDA	25	(980)
	(25)	980
SSA	25	1,766
	(25)	(1,766)
Short-term loan	25	980
	(25)	(980)

Equity Price Risk
Equity price risk is the risk to earnings or capital arising from changes in stock exchange indices relating to its quoted equity securities. The Group's exposure to equity price risk relates primarily to its financial assets at FVOCI.

As at September 30, 2019, the Group has already liquidated all outstanding investment in marketable securities and will discontinue investing in highly volatile financial instruments to keep a risk-averse position.

Monitoring of Risk Management Process
Risk management is regarded as a core competency, thus review of processes and approval processes including periodic audit are practiced and observed as follows:

- Monthly Treasury meetings are scheduled where approved strategies, limits, mixes are challenged and rechallenged based on current and forecasted developments on the financial and political events.
- Weekly market reports are submitted to the Management Committee that includes an updated summary of global and domestic events of the past month and the balance of the year.
- Annual teambuilding sessions are organized as a venue for the review of personal goals, corporate goals and professional development.
- One on one coaching sessions are scheduled to assist, train and advise personnel.
- Periodic review of Treasury risk profile and control procedures.
- Periodic specialized audit is performed to ensure active risk oversight.

Capital Management
The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or acquire long-term debts.

During 2014, the Parent Company availed of ₱3.00 billion loans from CBC, SBC and BDO and a ₱4.30 billion peso-denominated Term Loan Facility with SBC and DBP. During 2017, the Parent Company availed of ₱2.35 billion loans with SBC and DBP (see Note 8). During 2018, the Parent Company availed of ₱0.93 billion loans with SBC. In relation to these loans, the Parent Company closely monitors its debt covenants and maintains a capital expenditure program and dividend declaration policy that keeps the compliance of these covenants into consideration.

31. Fair Values

The table below presents the carrying values and fair values of the Group's financial assets and financial liabilities, by category and by class, as at September 30, 2019 and December 31, 2018:

	September 30, 2019 (Unaudited)			
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Financial assets at FVTPL	**₱764,490**	**₱–**	**₱764,490**	**₱–**
Financial assets at FVOCI	**12,314**	–	**12,314**	–
Derivative asset	**4**	–	**4**	–
Refundable deposits**	**138,990**	–	–	**138,990**
Receivable from third parties***	**502,462**	–	–	**502,462**
	₱1,418,260	**₱–**	**₱776,808**	**₱641,452**
Liabilities				
Long-term debt	**₱5,154,604**	**₱–**	**₱5,154,604**	**₱–**
Deposit payables and other liabilities****	**140,454**	–	–	**140,454**
	₱5,295,058	**₱–**	**₱5,154,604**	**₱140,454**

		December 31, 2018 (Audited)		
		Fair Value		
	Carrying Value	Quoted Prices in Active Markets (Level 1)	Significant Observable Input (Level 2)	Significant Unobservable Inputs (Level 3)
Assets				
Financial assets at FVTPL	₱749,191	₱–	₱749,191	₱–
Financial assets at FVOCI	257,995	137,096	11,500	109,399
Derivative assets*	4	–	4	–
Refundable deposits**	154,010	–	–	136,129
Receivables from third parties***	517,757	–	–	518,071
	₱1,678,957	₱137,096	₱760,695	₱763,599
Liabilities				
Short-term loan	₱400,000	₱–	₱–	₱400,000
Long-term debt	6,336,933	–	6,114,507	–
Deposit payables and other liabilities****	4,603	–	–	4,202
	₱6,741,536	₱–	₱6,114,507	₱404,202

** Included under "Other current assets" account.*
*** Included under "Other current assets" and "Other noncurrent assets" accounts.*
**** Included under "Receivables" and "Other noncurrent assets" accounts.*
***** Included under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts.*

The following methods and assumptions are used to estimate the fair values of each class of financial instruments:

Cash and Cash Equivalents, Short-term Investment, Receivables, Accounts Payable and Other Current Liabilities and Due to Stockholders
The carrying amounts of cash and cash equivalents, short-term investment, receivables, accounts payable and other current liabilities and due to stockholders approximate their fair values due to the relatively short-term maturities of these financial instruments.

Financial Assets at FVTPL
Net asset value per unit has been used to determine the fair values of financial assets at FVTPL.

Financial Asset at FVOCI
Quoted market prices have been used to determine the fair values of quoted financial assets at FVOCI. In 2019 and 2018, the fair values of financial assets at FVOCI are determined based on the discounted free cash flows of the investee.

The fair value of derivative assets of freestanding forward currency transactions is calculated by reference to current forward exchange rates for contracts with similar maturity profiles.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices 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 (i.e., as prices) or indirectly (i.e., derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refundable Deposits, Deposits Payable and Other Liabilities
Estimated fair value is based on present value of future cash flows discounted using the prevailing PDST-R2 rates that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

Long-Term Loans
The estimated fair value is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread.

Lease liabilities
The fair value of lease liabilities is no longer determined as it consists of numerous individually insignificant lease agreements and the effect is not expected to be significant.

Derivative Assets

Foreign Currency Forwards
The Parent Company entered into a forward foreign currency forward contracts with a bank with an aggregate notional amount of US$8.50 million in 2017. The weighted average fixing rate amounted to ₱51.09 to US$1.00 in 2017. The net fair value of these currency forwards amounted to ₱9.85 million gains as at December 31, 2017. The foreign currency forward contracts were settled in 2018.

Embedded Derivatives
The Parent Company has bifurcated embedded derivatives from its fuel purchase contracts. The purchases are denominated in U.S. dollar but the Group agreed to pay in Philippine peso using the average daily Philippine Dealing System weighted average rate of the month prior to the month of billing. These embedded derivatives are attributable to the Parent Company.

The Parent Company's outstanding embedded forwards have an aggregate notional amount of US$0.03 million as at December 31, 2018. The weighted average fixing rate amounted to ₱52.35 to US$1.00 as at December 31, 2018. The net fair value of these embedded derivatives amounted to ₱0.20 million gains at December 31, 2018.

The net movements in fair value changes of the Parent Company's derivative instruments (both freestanding and embedded derivatives) are as follows:

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Balance at beginning of year	**₱4**	₱9,652
Net changes in fair value during the period	–	(15,056)
Fair value of settled contracts	–	5,408
Balance at end of period	**₱4**	₱4

The net changes in fair value during the period are included in the "Other income" account in the consolidated statements of income (see Note 24).

The fair value of derivative assets is presented under "Other current assets" account in the consolidated statements of financial position (see Note 8).

32. **Operating Segments**

The Group is divided into two reportable operating segments based on the nature of the services provided - Power and Petroleum. Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

	September 30, 2019 (Unaudited)				
	Power	**Petroleum**	**Segment Total**	**Adjustments and Eliminations**	**Consolidated**
Revenue	**₱11,529,369**	**₱–**	**₱11,529,369**	**₱8,943**	**₱11,538,312**
Costs and expenses	**(11,733,006)**	**(26,250)**	**(11,759,256)**	**(138,283)**	**(11,897,539)**
Other income (expense):					
Equity in net losses of associates and joint ventures	**(79,100)**	**–**	**(79,100)**	**–**	**(79,100)**
Interest and other financial charges	**(95,151)**	**–**	**(95,151)**	**(257,072)**	**(352,223)**
Interest and other financial income	**–**	**–**	**–**	**62,274**	**62,274**
Gain (loss) on sale of:					
Asset held for sale	**14,289**	**–**	**14,289**	**–**	**14,289**
Investments	**1,375**	**–**	**1,375**	**–**	**1,375**
Property, plant and equipment	**(1,205)**	**–**	**(1,205)**	**293,942**	**292,737**
Inventory	**(460)**	**–**	**(460)**	**–**	**(460)**
Foreign exchange loss	**–**	**–**	**–**	**(148)**	**(148)**
Mark-to-market gain on derivatives	**–**	**–**	**–**	**–**	**–**
Others	**108**	**–**	**108**	**7,849**	**7,957**
Segment loss	**(₱363,781)**	**(₱26,250)**	**(₱390,031)**	**(₱22,495)**	**(₱412,526)**

	As at September 30, 2019 (Unaudited)				
Operating assets	**₱15,852,726**	**₱48,793**	**₱15,901,519**	**₱4,621,739**	**₱20,523,258**
Operating liabilities	**₱5,812,005**	**₱31,691**	**₱5,843,696**	**₱4,291,586**	**₱10,135,282**

Other disclosures:					
Capital expenditures	**₱195,488**	**₱–**	**₱195,488**	**₱3,547**	**₱199,035**
Disposal of assets	**15,506**	**63**	**15,569**	**237,072**	**252,641**
Investments	**4,026,066**	**–**	**4,026,066**	**631**	**4,026,697**
Depreciation and amortization	**304,731**	**333**	**305,064**	**9,539**	**314,603**
Provision for income tax	**–**	**–**	**–**	**59,431**	**59,431**

	September 30, 2018 (Unaudited)				
	Power	Petroleum	Segment Total	Adjustments and Eliminations	Consolidated
Revenue	₱11,602,533	₱–	₱11,602,533	₱9,232	₱11,611,765
Costs and expenses	(11,713,234)	(104,764)	(11,817,998)	(153,971)	(11,971,969)
Other income (expense):					
Equity in net earnings of associates and joint ventures	494,310	–	494,310	–	494,310
Interest and other financial charges	(99,494)	–	(99,494)	(223,737)	(323,231)
Interest and other financial income	–	–	–	63,856	63,856
Gain on sale of:					
Property, plant and equipment	–	–	–	261	261
Available for sale investments	–	–	–	20	20
Foreign exchange loss	–	–	–	33,826	33,826
Mark-to-market gain on derivatives	–	–	–	(21,951)	(21,951)
Others – net	83	–	83	44,450	44,533
Segment profit (loss)	₱284,198	(₱104,764)	₱179,434	(₱248,014)	(₱68,580)

	As at December 31, 2018 (Audited)				
Operating assets	₱16,116,835	₱38,550	₱16,155,385	₱2,769,310	₱18,924,695
Operating liabilities	₱5,161,610	₱16,150	₱5,177,760	₱5,375,487	₱10,553,247
Other disclosures:					
Capital expenditures	₱96,938	₱4,343	₱101,281	₱2,923	₱104,204
Disposal of assets	2,367	–	2,367	556	2,923
Investments	4,322,053	–	4,322,053	631	4,322,684
Depreciation and amortization	(385,341)	(458)	(385,799)	(19,985)	(405,784)
Provision for income tax	–	–	–	(171,603)	(171,603)

Seasonality of operations

There were no operations subject to seasonality and cyclicality except for the operation of PHINMA Renewable's wind farm. The wind regime is high during the northeast monsoon ("amihan") season in the first and fourth quarter when wind turbines generate more power to be supplied to the grid. The generation drops in the second and third quarter due to low wind regime brought about by the southwest monsoon ("habagat"). This information is provided to allow for a better understanding of the results, however, management has concluded that this is not 'highly seasonal' in accordance with PAS 34.

Adjustments and Eliminations

Interest and other financial income, including fair value gains and losses on financial assets are not allocated to individual segments as the underlying instruments are managed on a group basis. Likewise, certain operating expenses and finance-related charges are managed on a group basis and are not allocated to operating segments.

Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a group basis.

Capital expenditures consist of additions to property, plant and equipment. Investments consist of investments and cash advances to the Group's associates and joint ventures.

Reconciliation of profit (loss)

	September 30, 2019 (Unaudited)	September 30, 2018 (Unaudited)
Segment total profit (loss) before adjustments and eliminations	**(₱390,031)**	₱179,434
Dividend income	**7,585**	8,737
Rent income	**1,358**	495
General and administrative expense	**(138,284)**	(153,971)
Interest and other financial charges	**(257,072)**	(223,737)
Interest and other financial income	**62,274**	63,856
Other income	**301,644**	56,606
Loss before income tax	**(₱412,526)**	(₱68,580)

Other income include foreign exchange gain (loss), gain (loss) on sale of property, plant and equipment and financial assets at FVOCI, provision for probable losses, gain (loss) on derivatives and other miscellaneous income (expense) which are managed on a group basis and are not allocated to operating segments.

Reconciliation of assets

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Segment operating assets	**₱15,901,519**	₱16,155,385
Current assets		
Cash and cash equivalents	**2,938,741**	1,022,366
Short-term investments	**–**	35,326
Financial assets at FVTPL	**759,218**	743,739
Receivables and other current assets	**98,422**	69,781
Noncurrent assets		
Property, plant and equipment	**2,536**	47,361
Investments in an associate, financial assets at FVOCI and financial assets at FVTPL	**18,217**	264,078
Investment property	**13,085**	13,085
Deferred income tax asset - net	**465,069**	261,346
Other noncurrent assets	**326,451**	312,228
Total assets	**₱20,523,258**	₱18,924,695

Reconciliation of liabilities

	September 30, 2019 (Unaudited)	December 31, 2018 (Audited)
Segment operating liabilities	**₱5,843,696**	₱5,177,760
Current liabilities		
Accounts payable and other current liabilities	**398,311**	107,502
Income and withholding taxes payable	**21,088**	11,762
Due to stockholders	**15,179**	16,651
Short-term loan	**–**	400,000
Current portion of long-term loans	**157,683**	157,683
Noncurrent liabilities		
Long term loans - net of current portion	**3,470,694**	4,546,463
Deferred income tax liabilities - net	**180,213**	95,180
Pension and other employee benefits	**48,418**	40,246
Total liabilities	**₱10,135,282**	₱10,553,247

33. Supplemental Cash Flow Information

The following table shows the Group's non-cash financing activities and corresponding transaction amounts for the nine months ended September 30, 2019 and for the year ended December 31, 2018:

	January 1, 2019 (as Adjusted, Unaudited)	Dividend Declaration	Availments	Payments	Others	September 30, 2019
Current portion of:						
Short-term loans	₱400,000	₱–	₱–	(₱400,000)	₱-	₱-
Long-term loans	265,460	–	–	–	4,343	269,803
Lease liabilities	35,416	–	–	(63,769)	65,049	36,696
Dividends payable	16,651	–	–	(1,472)	–	15,179
Noncurrent portion of:						
Long-term loans	6,071,473	–	–	(1,196,917)	7,717	4,882,273
Lease liabilities	536,889	–	–	–	(22,927)	513,962
Total liabilities from financing activities	**₱7,325,889**	**₱–**	**₱–**	**(₱1,662,158)**	**₱54,182**	**₱5,717,913**

Non-cash additions to property, plant and equipment amounted to ₱93.49 million and nil for the nine months ended September 30, 2019 and 2018, respectively.

34. Events After the Reporting Period

On October 9, 2019, the following matters were unanimously approved by the Directors present:

i) The share swap between the Parent Company and AC Energy and the issuance of 6,185,182,288 shares of stock in the Parent Company in favor of AC Energy at ₱2.37 per share in exchange for the latter's shares of stock in its various Philippine subsidiaries and affiliates, namely: AC Energy Development, Inc., Monte Solar Energy, Inc., Ingrid Power Holdings, Inc., South Luzon Thermal Energy Corporation, Philippine Wind Holdings, Inc., ACTA Power Corporation, Moorland Philippines Holdings, Inc., Manapla Sun Power Development Corp., Viage Corporation, and NorthWind Power Development Corporation; and
ii) The undertaking of a stock rights offering for up to 2.27 billion shares, subject to applicable regulatory approvals, at an offer price range between ₱2.25 per share and ₱2.37 per share.

On November 4, 2019, the Parent Company signed a deed of assignment with AC Energy, whereby AC Energy transferred its right to purchase the 20% ownership stake of Axia Power Holdings Philippines, Inc. (Axia Power) in SLTEC in favor of the Parent Company. The completion of the Parent Company's acquisition of Axia Power's ownership stake in SLTEC is subject to satisfaction of certain conditions precedent.

Also, on November 4, 2019, the Parent Company signed a share purchase agreement with the Philippine Investment Alliance for Infrastructure (PINAI) for the acquisition of PINAI's 31% effective preferred equity ownership and 15% effective common equity ownership in North Luzon Renewables Energy Corporation (NLREC).

NLREC owns and operates an 81 MW wind farm in Pagudpud, Ilocos Norte. It is a joint venture of AC Energy, Inc., UPC Philippines HoldCo I B.V., Luzon Wind Energy Holdings B.V. (an affiliate of Mitsubishi Corporation), and PINAI. The wind farm started its commercial operations in November 2014. PINAI is a fund composed of Macquarie Infrastructure Holdings (Philippines) Pte. Limited, Langoer Investments Holding B.V., and the Government Service Insurance System.

The acquisition is subject to the satisfaction of certain conditions precedent, including the approval by the Philippine Competition Commission.

On November 11, 2019, the BOD approved the following:
i) Purchase of up to 100% percent of PINAI fund's ownership interest in San Carlos Solar Energy, Inc. (SACASOL), which owns and operates a 45 MW solar farm in San Carlos City, Negros Occidental that is operating under the feed-in-tariff (FIT) regime;
ii) Purchase of up to 100% percent of PINAI fund's ownership interest in Negros Island Solar Power, Inc. (ISLASOL), which owns and operates the 80 MW solar farms in Negros Occidental; and
iii) Availment by the Company of additional short-term working capital facilities of up to ₱8 billion.

35. **Contingencies**

Tax assessments:

a. On September 5, 2017, CIPP received a Final Decision on Disputed Assessment from the BIR demanding the payment of a total amount of ₱341.73 million for various alleged deficiency taxes for taxable year 2013. On October 4, 2017, CIPP filed its request for reconsideration with the Office of the Commissioner. In the opinion of CIPP's management, in consultation with its outside counsel, these proceedings will not have material or adverse effect on the financial statements. The information usually required by PAS 37 is not disclosed on the ground that it can be expected to prejudice the outcome or CIPP's position with respect to these matters. As at November 11, 2019, the case is still pending.

b. On August 20, 2014, ACEPH distributed cash and property dividends in the form of shares in ACE Enexor after securing SEC's approval of the registration and receipt of Certificate Authorizing Registration (CAR) from the BIR.

   On October 22, 2014, ACEPH received from the BIR a Formal Letter of Demand (FLD), assessing ACEPH for a total donor's tax due of ₱157.75 million inclusive of penalty and interest up to September 30, 2014.

   On November 21, 2014, ACEPH and its independent legal counsel filed an administrative protest in response to the FLD, on the following grounds:

   1) The dividend distribution is a distribution of profits by ACEPH to its stockholders and not a "disposition" as contemplated under Revenue Regulations Nos. 6-2008 and 6-2013 which would result in the realization of any capital gain of ACEPH;
   2) ACEPH did not realize any gain or increase its wealth as a result of the dividend distribution; and,
   3) There was no donative intent on the part of ACEPH.

   On May 27, 2015, ACEPH received from the BIR a Final Decision on Disputed Assessment (FDDA) dated May 26, 2015, denying the protest.

On June 25, 2015, ACEPH filed with the CTA a Petition for Review seeking a review of the FDDA and requesting the cancellation of the assessment. In its decision dated September 28, 2018, the CTA cancelled and withdrew the FLD. On January 24, 2019, the CTA denied the BIR's motion for reconsideration.

On May 2, 2019, a Comment/Opposition was filed regarding the BIR's Petition for Review to the CTA En Banc. On July 10, 2019, the Petition for Review was submitted for decision. As of November 11, 2019, there are no new developments on the case.

Claim for tax refund

On August 15, 2016, PHINMA Renewable filed with the BIR a letter and application for tax credits or refund for the PHINMA Renewable's excess and unutilized input VAT for the period July 1, 2014 to June 30, 2015 amounting to ₱335.76 million attributable to PHINMA Renewable's zero-rated sales. On December 19, 2016, PHINMA Renewable received a letter from the BIR denying the administrative claim for refund of excess and unutilized input VAT for the period July 1, 2014 to December 31, 2014. On January 11, 2017, PHINMA Renewable filed with the CTA a Petition for Review. During 2018, PHINMA Renewable and the BIR presented their evidence and arguments. As at November 11, 2019, PHINMA Renewable awaits the CTA's decision.

ANNEX B

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of financial position and results of operations of AC Energy Philippines, Inc.(ACEPH, formerly PHINMA Energy Corporation) and its subsidiaries should be read in conjunction with the unaudited interim condensed consolidated financial statements as at September 30, 2019 and the audited consolidated financial statements as at December 31, 2018 and for the unaudited interim condensed financial statements for the nine months ended September 30, 2019 and 2018. The unaudited interim consolidated financial statements have been prepared in compliance with the Philippine Financial Reporting Standards.

The Company posted consolidated net loss amounting to **₱353.09 million** for the period ended September 30, 2019 compared to **₱159.48 million** net loss in the same period last year.

The tables below summarize the consolidated results of operations of ACEPH's revenues, costs and expenses for the nine months period ended September 30, 2019 and 2018.

Revenues

	July - Sept		Jan - Sept		July - Sept		Jan - Sept	
In thousand Pesos	**2019**	**2018**	**2019**	**2018**	**Inc (Dec)**	**%**	**Inc (Dec)**	**%**
Revenue from sale of electricity	3,218,999	3,499,732	11,529,369	11,602,533	(280,733)	(8)	(73,164)	(1)
Dividend income	-	1,353	7,585	8,737	(1,353)	(100)	(1,152)	(13)
Rental income	-	180	1,358	495	(180)	(100)	863	174

<u>*Revenue from sale of electricity*</u>
The decrease was attributable to the lower energy sales from the Parent Company's power supply business as a result of lower WESM prices in the third quarter of 2019.

<u>*Dividend income*</u>
No dividend income was received from the Company's various investments in the third quarter of 2019 resulting to a lower dividend income in the nine months period ended September 30, 2019 as compared to the same period last year.

<u>*Rental income*</u>
None due to disposal of the Parent Company's property previously leased to a third party.

Costs and Expenses

In thousand Pesos	July - Sept 2019	July - Sept 2018	Jan - Sept 2019	Jan - Sept 2018	July - Sept Inc (Dec)	July - Sept %	Jan - Sept Inc (Dec)	Jan - Sept %
General & administrative expenses	110,209	158,406	391,256	508,752	(48,197)	(30)	(117,496)	(23)

General and administrative expenses
Decreased due to reduction in taxes and licenses, plug and abandonment costs, contractors' fees, transportation expenses, rent, office supplies, and meetings. Also, there was higher provision for doubtful accounts in 2018.

Other Income and Expenses

In thousand Pesos	July - Sept 2019	July - Sept 2018	Jan - Sept 2019	Jan - Sept 2018	July - Sept Inc (Dec)	July - Sept %	Jan - Sept Inc (Dec)	Jan - Sept %
Interest & other finance charges	(116,384)	(109,383)	(352,223)	(323,231)	(7,001)	6	(28,992)	9
Equity in net income (loss) of associates & JV	(19,065)	84,099	(79,100)	494,310	(103,164)	(123)	(573,410)	(116)
Other income - net	326,596	66,256	378,025	120,545	260,340	393	257,480	214

Interest and other finance charges
Went up due to non-cash PFRS 16 lease adjustments.

Equity in net loss of associates and JV
Net loss was posted in the third quarter of 2019 as compared to 2018 due to lower generation from scheduled and unscheduled shutdowns of both units of SLTEC.

Other income - net
Went up due to gain on sale of asset held for sale and property, plant and equipment in the third quarter of 2019 as compared to the same period last year.

Provision for (benefit from) income tax

In thousand Pesos	July - Sept 2019	July - Sept 2018	Jan - Sept 2019	Jan - Sept 2018	July - Sept Inc (Dec)	July - Sept %	Jan - Sept Inc (Dec)	Jan - Sept %
Current	3,554	8,035	18,683	25,390	(4,481)	(56)	(6,707)	(26)
Deferred income tax	(114,282)	322,277	(78,114)	65,514	(436,559)	(135)	(143,628)	(219)

Provision for income tax - current
Decreased due to lower consolidated taxable income in the nine months period ended September 30, 2019.

Provision for deferred income tax
Due to the tax effect of deferred revenue and recognition of deferred tax asset on NOLCO with expected taxable income in future years.

Material changes in Consolidated Statements of Financial Position accounts

ASSETS				
In thousands	September 2019	December 2018	Inc (Dec)	%
Current Assets				
Cash and cash equivalents	2,938,741	1,022,366	1,916,375	187%
Short-term investments	-	35,326	(35,326)	-100%
Fuel & spare parts - at cost	259,186	413,673	(154,487)	-37%
Curent portion of				
Input tax	99,709	26,332	73,377	279%
Creditable withholding taxes	65,196	79,443	(14,247)	-18%
Other current assets	149,157	182,766	(33,609)	-18%
Asset held for sale	3,546	34,328	(30,782)	-90%
Noncurrent Assets				
Investments and advances	4,026,697	4,322,684	(295,987)	-7%
Financial assets at fair value through other comprehensive income	12,314	257,995	(245,681)	-95%
Goodwill and intangible assets	271,778	320,219	(48,441)	-15%
Deferred income tax assets - net	465,069	261,346	203,723	78%
Right of use asset	507,772	-	507,772	100%
Net of current portion: creditable witholding taxes	800,470	704,726	95,744	14%

Cash and cash equivalents, short-term investments and financial assets at fair value through profit and loss
The Consolidated Statements of Cash Flows detail the material changes of these accounts.

Fuel and spare parts
Went down due to decrease in fuel purchases.

Input VAT
Higher due to increase in purchases subject to VAT.

Creditable withholding taxes – current portion
Lower balance brought about by the application of CWT as payment of income tax due.

Other current assets
Decreased primarily due to the return of deposit receivable as a result of the expiration of certain contracts.

Asset held for sale
Lower due to the sale of the Guimaras Power Plant.

Investments and advances and financial assets at fair value through other comprehensive income

Decreased due to the sale of the shares of stock held by the Company.

Goodwill and intangible assets
Decrease brought about by the provision for probable losses in a geothermal service contract.

Deferred income tax assets
Increased mainly due to the recognition of deferred tax asset of NOLCO and reversal of deferred income.

Right of use asset
Reported as a result of the application of PFRS 16.

Creditable withholding taxes - noncurrent
Increased due to withholding from customers. Also, the Parent Company has no income tax payments during the nine months period ended September 30, 2019.

LIABILITIES AND EQUITY

In thousands	**September 2019**	**December 2018**	**Inc (Dec)**	**%**
Current Liabilities				
Accounts payable and other current liabilties	2,915,954	2,269,398	646,556	28%
Income and withholding taxes payable	21,087	11,762	9,325	79%
Due to stockholders	15,179	16,651	(1,472)	-9%
Short-term loans	-	400,000	(400,000)	-100%
Noncurrent Liabilties				
Long-term loans - net of current portion	4,878,106	6,071,473	(1,193,367)	-20%
Lease liabilities - net of current portion	513,962	-	513,962	100%
Pension & other employment benefits	48,418	40,246	8,172	20%
Deferred income tax liabilities - net	180,213	95,180	85,033	89%
Equity				
Capital Stock	7,521,775	4,889,775	2,632,000	54%
Other equity reserve	(112,516)	18,338	(130,854)	-714%
Unrealized fair value gains on equity intruments at FVOCI	(5,634)	59,772	(65,406)	-109%
Retained earnings	2,911,802	3,303,708	(391,906)	-12%
Non-controlling Interests	18,056	45,450	(27,394)	-60%

Accounts payable and other current liabilities
Higher due to increase in purchases on account.

Income and withholding taxes payable
Increased mainly due to higher tax withheld from purchases.

Due to stockholders
Decrease brought about by replacement of stale cash dividend checks.

Short-term loan and Long-term loans – net of current portion
Decreased due to the prepayment and amortization of loans.

Lease liabilities – net of current portion
Recognized due to the application of PFRS 16.

Pension and other employee's benefits
Increased due to the accrual of retirement expense for the nine months period.

Deferred tax liabilities - net
Higher due to the tax effect of the recognition of right of use asset as a result of the application of PFRS 16.

Capital stock
Increased due to the capital infusion of the majority stockholder.

Other equity reserve and non-controlling interests
Went down due to the effect of the purchase of additional shares of stocks of PPGI.

Unrealized fair value gains on equity instruments at FVOCI
Decreased due to the disposal of the shares of stocks held by the Company.

Retained earnings
Went down due to net loss incurred during the period and the impact of the initial application of PFRS 16.

Key Performance Indicators of the Company

The table below sets forth the comparative performance indicators of the Company:

KPI	Formula	30-Sep-19 Audited	31-Dec-18 Audited	Increase (Decrease) Difference	%
Liquidity Ratios					
Current ratio	Current assets / Current liabiltiies	2.12	1.74	0.37	21
Acid test ratio	Cash + Short-term investments + Receivables + Financial assets at FVTPL / Current liabilities	1.94	1.49	0.44	30
Solvency Ratios					
Debt/Equity ratio	Total Liabilities / Total Equity	0.98	1.26	(0.29)	(23)
Asset to equity ratio	Total Assets / Total Equity	1.98	2.26	(0.28)	(13)
Interest coverage ratio	Earnings before interest & tax (EBIT) / Interest expense	(0.17)	0.79	(0.96)	(122)
Net debt to equity ration	Debt - Cash & cash equivalents, short-term investments and financial assets at FVTPL / Total equity	0.62	1.05	(0.43)	(41)

KPI	Formula	30-Sep-19 Unaudited	30-Sep-18 Unaudited	Increase (Decrease) Difference	%
Profitability Ratios					
Return on equity	Net income after taxes / Average stockholder's equity	-3.76%	-1.78%	(1.99)	112
Return on assets	Net income after taxes / Average total assets	-1.79%	-0.79%	(1.00)	126
Asset turnover	Revenues / Average total assets	58.50%	57.60%	0.90	2

Current ratio and Acid test ratio
Increased due to the higher cash & cash equivalents provided by the issuance of capital stock. On the other hand, current liabilities increased by 9% due to increase in purchases on account and taxes payable.

Debt to equity ratio and Asset to equity ratio
Decreased due to the 24% increase in equity resulting from issuance of new shares of stocks.

Interest coverage ratio
Dropped due to net loss before interest and tax incurred during the nine months period.

Net debt to equity ratio
Decreased due to loan amortizations and prepayment of loans during the second and third quarter of 2019.

Return on equity and assets
Went down due to net loss incurred in the period.

Asset turnover
Increased as revenues and average total assets decreased by 2%.

Material events and uncertainties

i. There were no events that trigger direct or contingent financial obligation that was material to the Company. There were no contingent assets or contingent liabilities since the last annual balance sheet date.

ii. There were no material off-balance sheet transactions, arrangements, obligations and other relationships of the Company with unconsolidated entities or other persons created during the reporting period.

iii. Except as disclosed in Note 34 Events after the Reporting Period of the Unaudited Interim Condensed Consolidated Financial Statements, there were no other material events that had occurred subsequent to the balance sheet date.

iv. Capital expenditures are planned to rehabilitate and improve the availability and capacity of generation assets. These will be funded by internal resources.

v. Any known trends, events or uncertainties that have had or that were reasonably expected to have material favorable or unfavorable impact on net revenues/income from continuing operations

- The results of operations of the Company and its subsidiaries depend, to a significant extent, on the performance of the Philippine economy.
- The current highly competitive environment and operation of priority-dispatch variable renewable energy have driven market prices of electricity downward, resulting in lower margins.
- However, limitations in the supply side and unscheduled outages of plants have driven WESM prices upwards. Movements in the WESM prices could have a significant favorable or unfavorable impact on the Company's financial results.

vi. There were no known trends or any known demands, commitments, events or uncertainties that will result in or that are reasonably likely to result in the registrant's liquidity increasing or decreasing in any material way.

vii. There were no significant elements of income or loss that did not arise from continuing operations that had material effect on the financial condition or result of operations.

viii. There were no operations subject to seasonality and cyclicality except for the operation of PHINMA Renewable's wind farm. The wind regime is high during the northeast monsoon ("amihan") season in the first and fourth quarter when wind turbines generate more power to be supplied to the grid. The generation drops in the second and third quarter due to low wind regime brought about by the southwest monsoon ("habagat").

ANNEX C

The Company filed the following reports on SEC 17-C during the third quarter ended September 30, 2019:

Date of filing	Item Reported
July 2, 2019	***Election of new directors, appointment of officers and resignation of directors and officers***

Please be advised that the Board of Directors of PHINMA Energy Corporation (PHEN) approved today the following matters:

1. Resignations as Directors, Officers and Members of Board Committees.
2. Election of Directors of the Company.
3. Changes in the Composition of Board Committees.
4. Appointment of Officers.

Resignation/Removal or Replacement

Name of Person	Position/Designation	Effective Date of Resignation/Cessation of term (mmm/dd/yyyy)	Reason(s) for Resignation/Cessation
Ramon R. Del Rosario, Jr.	Director, Chairman of the Board, Chairman of the Executive/Stock Option Committee, Member of the Compensation Committee	July 1, 2019	As per agreement on the sale of PHINMA Energy to AC Energy.
Oscar J. Hilado	Director, Vice Chairman of the Board, Member of the Executive/Stock Option Committee, and Chairman of the Compensation Committee	July 1, 2019	As per agreement on the sale of PHINMA Energy to AC Energy.
Magdaleno B. Albarracin, Jr.	Director and Member of the Executive/Stock Option Committee	July 1, 2019	As per agreement on the sale of PHINMA Energy to AC Energy.
Pythagoras L. Brion, Jr.	Director	July 1, 2019	As per agreement on the sale of PHINMA Energy to AC Energy.
Victor J. del Rosario	Director and Member of the Audit Committee	July 1, 2019	As per agreement on the sale of PHINMA Energy to AC Energy.
Roberto M. Laviña	Director and Member of the Risk Oversight Committee	July 1, 2019	As per agreement on the sale of PHINMA Energy to AC Energy.
Cecille B. Arenillo	VP-Compliance Officer	July 1, 2019	As per agreement on the sale of PHINMA Energy to AC Energy.
Troy A. Luna	Corporate Secretary	July 1, 2019	As per agreement on the sale of PHINMA Energy to AC Energy.
Daniella Isabelle F. Palad	Asst. Corporate Secretary	July 1, 2019	As per agreement on the sale of PHINMA Energy to AC Energy.

Election or Appointment

Name of Person	Position/Designation	Date of Appointment/Election (mmm/dd/yyyy)	Effective Date of Appointment Election (mmm/dd/yyyy)	Shareholdings in the Listed Company		Nature of Indirect Ownership
				Direct	Indirect	
Gerardo C. Ablaza, Jr.	Director	July 1, 2019	July 1, 2019	1	0	-
Jose Rene Gregory D. Almendras	Director	July 1, 2019	July 1, 2019	1	0	-
John Philip S. Orbeta	Director	July 1, 2019	July 1, 2019	1	0	-
Solomon M. Hermosura	Corporate Secretary	July 1, 2019	July 1, 2019	11,300,000	0	-
Dodjie D. Lagazo	Assistant Corporate Secretary	July 1, 2019	July 1, 2019	6,526,166	0	-
Alan T. Ascalon	Assistant Corporate Secretary	July 1, 2019	July 1, 2019	623,173	0	-
Maria Corazon G. Dizon	Compliance Officer	July 1, 2019	July 1, 2019	20,432,383	0	-

July 24, 2019 ***Election of replacement directors, appointment of Chairman and Vice-Chairman, and change in the composition of board committees.***

Please be advised that the Board of Directors of PHINMA Energy Corporation (PHEN) approved today the following matters:

1. Election of Replacement Directors of the Company
2. Appointment of Chairman and Vice-Chairman of the Board, and Changes in the Composition of Board Committees

Election or Appointment

Name of Person	Position/Designation	Date of Appointment/Election (mmm/dd/yyyy)	Effective Date of Appointment Election (mmm/dd/yyyy)	Shareholdings in the Listed Company		Nature of Indirect Ownership
				Direct	Indirect	
Jaime Augusto Miranda Zobel de Ayala	Director, Vice Chairman of the Board and Member of the Executive Committee	Jul 23, 2019	Jul 23, 2019	1	-	-
Fernando Miranda Zobel de Ayala	Director, Chairman of the Board and Chairman of the Executive Committee	Jul 23, 2019	Jul 23, 2019	1	52,508,000	Lodged with PCD Nominee

July 24, 2019 ***Notice of Annual or Special Stockholders' Meeting of PHINMA Energy Corporation (PHEN)***

Please be advised that the annual meeting of shareholders of PHEN will be held on Tuesday, 17 September 2019, at 9:00 in the morning at the Ballroom 2, Fairmont Hotel, 1 Raffles Drive, Makati Avenue, Makati City, 1224.

Date of Approval by Board of Directors	Jul 23, 2019
Date of Stockholders' Meeting	Sep 17, 2019
Time	9:00 AM
Venue	Ballroom 2, Fairmont Hotel, 1 Raffles Drive, Makati Avenue, Makati City, 1224
Record Date	Aug 16, 2019
Agenda	1. Call to order 2. Proof of notice and determination of quorum 3. Approval of minutes of the previous Annual Shareholders' Meeting 4. Annual Report of Management including the 2018 Audited Financial Statements and ratification of all acts of the Board of Directors and of Management since the last Annual Shareholders' Meeting 5. Amendment of articles of incorporation and by-laws a. Change in corporate name b. Change in address c. Increase in authorized capital stock 6. Election of Directors (including Independent Directors) 7. Assignment of Management Contract from PHINMA, Inc. to AC Energy, Inc. 8. Appointment of external auditor 9. Other matters 10. Adjournment

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Aug 17, 2019
End Date	Sep 17, 2019

July 24, 2019 ***Matters taken up at the special board meeting held today, 23 July 2019***

Please be informed that at the special meeting of the Board of Directors of PHINMA Energy Corporation held today, 23 July 2019, the following were approved:

1. Election of Replacement Directors of the Company

2. Appointment of Chairman and Vice-Chairman of the Board, and Changes in the Composition of Board Committees

3. Amendment of the Articles of Incorporation
    a. Change in the Company's name to AC Energy Philippines, Inc.;
    b. Change of the Company's principal place of business to 4th floor, 6750 Office Tower, Ayala Ave., Makati City; and
    c. Increase in the Company's authorized capital stock from PHP8.4 billion divided into 8.4 billion shares, to PHP24.4 billion divided into 24.4 billion shares.

4. Amendment of the By-laws
    a. Change in the Company's name to AC Energy Philippines, Inc.; and
    b. Change of the Company's principal place of business to 4th floor, 6750 Office Tower, Ayala Ave., Makati City.

5. Amendment of the Manual of Corporate Governance

6. 2019 Annual Shareholders' Meeting

July 25, 2019 ***Amendments to the articles of incorporation of the Company***

Please be informed that during the special board meeting held on 23 July 2019, the Board of Directors of the Company approved amendments to the articles of incorporation of the Company.

Date of Approval by Board of Directors	Jul 23, 2019
Date of Approval by Stockholders	TBA
Other Relevant Regulatory Agency, if applicable	Department of Energy (DOE)
Date of Approval by Relevant Regulatory Agency, if applicable	TBA
Date of Approval by Securities and Exchange Commission	TBA
Date of Receipt of SEC approval	TBA

Amendment(s)

Article No.	From	To
Caption	AMENDED ARTICLES OF INCORPORATION OF PHINMA ENERGY CORPORATION	AMENDED ARTICLES OF INCORPORATION OF AC ENERGY PHILIPPINES, INC.
First	FIRST: The name of said Corporation shall be PHINMA ENERGY CORPORATION, hereinafter called the Corporation.	FIRST: The name of said Corporation shall be AC ENERGY PHILIPPINES, INC., hereinafter called the Corporation.
Third	THIRD: That the place where the principal office of the corporation is to be established or located is at Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, Philippines. The Corporation may establish and maintain branch offices or agencies elsewhere in the Philippines or in foreign counties whenever warranted by exigencies of its business.	THIRD: That the place where the principal office of the corporation is to be established or located is at 4th floor, 6750 Office Tower, Ayala Ave., Makati City, Philippines. The Corporation may establish and maintain branch offices or agencies elsewhere in the Philippines or in foreign counties whenever warranted by exigencies of its business.
Seventh	SEVENTH: That the authorized capital stock of said corporation is EIGHT BILLION FOUR HUNDRED MILLION PESOS (P8,400,000,000.00.00) Philippine Currency, and said capital stock is divided into EIGHT BILLION FOUR HUNDRED MILLION (8,400,000,000.00.00) shares with a par value of One Pesos (P1.00) per share. That no holder of the capital stock, whether said stock is now or hereafter authorized, shall have any right, as such stockholder, to purchase or subscribe to additional shares of the capital stock which are now or hereafter authorized by the Corporation, if the issue of the said additional stock not to exceed Thirty-Five percent (35%) of the resulting total subscribed capital stock shall be exclusively for the benefit of the Corporation as determined by resolutions of the Board of Directors.	SEVENTH: That the authorized capital stock of said corporation is TWENTY-FOUR BILLION FOUR HUNDRED MILLION PESOS (P24,400,000,000.00) Philippine Currency, and said capital stock is divided into TWENTY-FOUR BILLION FOUR HUNDRED MILLION (24,400,000,000) shares with a par value of One Peso (P1.00) per share. That no holder of the capital stock, whether said stock is now or hereafter authorized, shall have any right, as such stockholder, to purchase or subscribe to additional shares of the capital stock which are now or hereafter authorized by the Corporation, if the issue of the said additional stock not to exceed Thirty-Five percent (35%) of the resulting total subscribed capital stock shall be exclusively for the benefit of the Corporation as determined by resolutions of the Board of Directors.

Rationale for the amendment(s)
The change in corporate name reflects the change in the ownership of the Company. For alignment, operational and management efficiency, the Company's principal office will be transferred to 6750 Office Tower where AC Energy, Inc. ("AC Energy") also holds office. AC Energy is the parent company of PHINMA Energy Corporation.

In relation to the increase in authorized capital stock, the Company plans to raise capital through a rights offering. Additional capital will be used for investments in greenfield projects and acquisition of power assets, including part of AC Energy's on-shore power generation and development assets. Any such purchase of AC Energy's assets will be subjected to third party valuation and approval of the Company's Board Risk Management and Related Party Transactions Committee.

The timetable for the effectivity of the amendment(s)

Expected date of filing the amendments to the Articles of Incorporation with the SEC	Nov 8, 2019
Expected date of SEC approval of the Amended Articles of Incorporation	Mar 6, 2020

Effect(s) of the amendment(s) to the business, operations and/or capital structure of the Issuer, if any
The proposed amendment to increase the Company's authorized capital stock by up to Php16 billion divided into 16 billion common shares will result in an authorized capital stock of up to Php24.4 billion divided into 24.4 billion common shares.

July 25, 2019 ***Amendments to the by-laws of the Company***

Background/Description of the Disclosure

The Company approved amendments to the by-laws of the Company.

Date of Approval by Board of Directors	Jul 23, 2019
Date of Approval by Stockholders	TBA
Other Relevant Regulatory Agency, if applicable	Department of Energy (DOE)
Date of Approval by Relevant Regulatory Agency, if applicable	TBA
Date of Approval by Securities and Exchange Commission	TBA
Date of Receipt of SEC approval	TBA

Amendment(s)

Article and Section Nos.	From	To
Caption	AMENDED BY-LAWS OF PHINMA ENERGY CORPORATION	AMENDED BY-LAWS OF AC ENERGY PHILIPPINES, INC.
Article I	ARTICLE I OFFICE The principal office of the Corporation shall be located at Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City.	ARTICLE I OFFICE The principal office of the Corporation shall be located at 4th floor, 6750 Office Tower, Ayala Ave., Makati City.

Rationale for the amendment(s)
The change in corporate name reflects the change in the ownership of the Company. For alignment, operational and management efficiency, the Company's principal office will be transferred to 6750 Officer Tower where AC Energy, Inc. ("AC Energy"), the parent company, also holds office.

The timetable for the effectivity of the amendment(s)

Expected date of filing the amendments to the By-Laws with the SEC	Sep 30, 2019
Expected date of SEC approval of the Amended By-Laws	Nov 11, 2019

Effect(s) of the amendment(s) to the business, operations and/or capital structure of the Issuer, if any
None.

August 16, 2019 ***Notice of Annual or Special Stockholders' Meeting of PHINMA Energy Corporation (PHEN)***

Background/Description of the Disclosure
Please be advised that the annual meeting of shareholders of PHEN will be held on Tuesday, 17 September 2019, at 9:00 in the morning at the Ballroom 2, Fairmont Hotel, 1 Raffles Drive, Makati Avenue, Makati City, 1224.

Date of Approval by Board of Directors	Jul 23, 2019
Date of Stockholders' Meeting	Sep 17, 2019
Time	9:00 AM
Venue	Ballroom 2, Fairmont Hotel, 1 Raffles Drive, Makati Avenue, Makati City, 1224
Record Date	Aug 16, 2019
Agenda	1. Call to order 2. Proof of notice and determination of quorum 3. Approval of minutes of the previous Annual Shareholders’ Meeting 4. Annual Report of Management including the 2018 Audited Financial Statements and ratification of all acts of the Board of Directors and of Management since the last Annual Shareholders’ Meeting 5. Amendments to the articles of incorporation a. Change in corporate name b. Change in address c. Increase in authorized capital stock d. Exemption from the pre-emptive right of shareholders the issuance of shares in exchange for property needed for corporate purposes or in payment of previously contracted debt 6. Amendments to the by-laws a. Change in corporate name b. Change in address 7. Election of directors (including Independent Directors) 8. Assignment of Management Contract from PHINMA, Inc. to AC Energy, Inc. 9. Appointment of external auditor 10. Other matters 11. Adjournment

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Aug 17, 2019
End Date	Sep 17, 2019

Other Relevant Information
Disclosure was amended today to reflect as an additional matter for approval the inclusion of a provision in the Articles of Incorporation that exempts from the pre-emptive right of shareholders the issuance of shares in exchange for property needed for corporate purposes or in payment of a previously contracted debt. Enclosed is the revised notice and agenda.

August 19, 2019 ***Notice of Annual Stockholders' Meeting of PHINMA Energy Corporation (PHEN)***

Background/Description of the Disclosure
Please be advised that the annual meeting of shareholders of PHEN will be held on Tuesday, 17 September 2019, at 9:00 in the morning at the Ballroom 2, Fairmont Hotel, 1 Raffles Drive, Makati Avenue, Makati City, 1224.

Date of Approval by Board of Directors	Jul 23, 2019
Date of Stockholders' Meeting	Sep 17, 2019
Time	9:00 AM
Venue	Ballroom 2, Fairmont Hotel, 1 Raffles Drive, Makati Avenue, Makati City, 1224
Record Date	Aug 16, 2019
Agenda	1. Call to order 2. Proof of notice and determination of quorum 3. Approval of minutes of the previous Annual Shareholders' Meeting 4. Annual Report of Management including the 2018 Audited Financial Statements and ratification of all acts of the Board of Directors and of Management since the last Annual Shareholders' Meeting 5. Amendments to the articles of incorporation a. Change in corporate name b. Change in address c. Increase in authorized capital stock d. Exemption from the pre-emptive right of shareholders the issuance of shares in exchange for property needed for corporate purposes or in payment of previously contracted debt 6. Amendments to the by-laws a. Change in corporate name b. Change in address 7. Election of directors (including Independent Directors) 8. Assignment of Management Contract from PHINMA, Inc. to AC Energy, Inc. 9. Appointment of external auditor 10. Other matters 11. Adjournment

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Aug 17, 2019
End Date	Sep 17, 2019

Other Relevant Information
The disclosure was amended today to advise that the additional proposed amendment to the Articles of Incorporation to add a provision to exempt from the pre-emptive right of shareholders the issuance of shares in exchange for property needed for corporate purposes or in payment of a previously contracted debt, will be submitted for the approval of the Board of Directors prior to the Annual Stockholders' Meeting. Enclosed is a copy of the notice and agenda.

August 27, 2019 ***Notice of Annual Stockholders' Meeting of PHINMA Energy Corporation (PHEN)***

Background/Description of the Disclosure
Please be advised that the annual meeting of shareholders of PHEN will be held on Tuesday, 17 September 2019, at 9:00 in the morning at the Ballroom 2, Fairmont Hotel, 1 Raffles Drive, Makati Avenue, Makati City, 1224.

Date of Approval by Board of Directors	Jul 23, 2019
Date of Stockholders' Meeting	Sep 17, 2019

Time	9:00 AM
Venue	Ballroom 2, Fairmont Hotel, 1 Raffles Drive, Makati Avenue, Makati City, 1224
Record Date	Aug 16, 2019
Agenda	1. Call to order 2. Proof of notice and determination of quorum 3. Approval of minutes of the previous Annual Shareholders' Meeting 4. Annual Report of Management including the 2018 Audited Financial Statements and ratification of all acts of the Board of Directors and of Management since the last Annual Shareholders' Meeting 5. Amendments to the articles of incorporation a. Change in corporate name b. Change in address c. Increase in authorized capital stock d. Exemption from the pre-emptive right of shareholders the issuance of shares in exchange for property needed for corporate purposes or in payment of previously contracted debt 6. Amendments to the by-laws a. Change in corporate name b. Change in address 7. Election of directors (including Independent Directors) 8. Issuance of 2.632 billion voting shares to AC Energy, Inc. on 24 June 2019 9. Assignment of Management Contract from PHINMA, Inc. to AC Energy, Inc. 10. Appointment of external auditor 11. Other matters 12. Adjournment

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Aug 17, 2019
End Date	Sep 17, 2019

Other Relevant Information
The disclosure was amended today to reflect as an additional matter for stockholders' approval, the previous issuance of 2.632 billion voting shares to AC Energy, Inc. on 24 June 2019. Enclosed is a copy of the notice and agenda.

September 6, 2019 ***Matter taken up at the special board meeting held today, 5 September 2019.***

Background/Description of the Disclosure
Please be informed that at the special meeting of the Board of Directors of PHINMA Energy Corporation held today, 5 September 2019, the Board of Directors approved the amendment to the Articles of Incorporation to include a provision that exempts from the pre-emptive right of existing stockholders the issuance of shares in exchange for property needed for corporate purposes or as payment for previously contracted debt, provided however, that shares to be issued for this purpose shall not exceed sixteen (16) billion shares.

September 6, 2019 ***Amendment to the articles of incorporation of the Company***

Background/Description of the Disclosure
Please be informed that during the special board meeting held on 5 September 2019, the Board of Directors of the Company approved an amendment to the articles of incorporation of the Company.

Date of Approval by Board of Directors	Sep 5, 2019
Date of Approval by Stockholders	TBA
Other Relevant Regulatory Agency, if applicable	Department of Energy (DOE)

Date of Approval by Relevant Regulatory Agency, if applicable	TBA
Date of Approval by Securities and Exchange Commission	TBA
Date of Receipt of SEC approval	TBA

Rationale for the amendment(s)
The inclusion of a provision that exempts from the pre-emptive right of existing stockholders the issuance of shares in exchange for property needed for corporate purposes or as payment for previously contracted debt, will enable Company to acquire in a prompt manner key assets which can be used pursuant to its business, subject to third party valuation and fairness opinion. For the protection of the minority stockholders, the shares to be issued for this purpose shall be limited to 16 billion shares.

The timetable for the effectivity of the amendment(s)

Expected date of filing the amendments to the Articles of Incorporation with the SEC	Nov 8, 2019
Expected date of SEC approval of the Amended Articles of Incorporation	Mar 6, 2020

Effect(s) of the amendment(s) to the business, operations and/or capital structure of the Issuer, if any
The proposed amendment will allow the Company to acquire assets needed for corporate purposes.

September 10, 2019 ***Results of Meralco bid***

Background/Description of the Disclosure
Please be advised that the bid submitted by PHINMA Energy Corporation (“PHEN”) was declared as one of the best bids after the opening and evaluation of bids of Manila Electric Company’s (“Meralco”)’s 1200 MW (net) competitive bidding for the supply of electricity, held today 9 September 2019. Subject to post-qualification evaluation, execution of the power supply agreement, and approval of the Energy Regulatory Commission, PHEN will supply Meralco a baseload demand of 200MW from 26 December 2019 until 25 December 2029.

September 12, 2019 ***Results of Meralco bid***

Background/Description of the Disclosure
Please be advised that the bid submitted by PHINMA Energy Corporation ("PHEN") was declared as one of the best bids after the opening and evaluation of bids of Manila Electric Company’s (“Meralco”)’s 500MW (net) competitive bidding for the supply of electricity, held today 11 September 2019. Subject to post-qualification evaluation, execution of the power supply agreement, and approval of the Energy Regulatory Commission, PHEN will supply Meralco a mid-merit supply of 110MW from 26 December 2019 until 25 December 2024.

September 17, 2019 ***Results of the Annual Stockholders' Meeting of PHINMA Energy Corporation***

Background/Description of the Disclosure
PHINMA Energy Corporation held its Annual Stockholders' Meeting on 17 September 2019 at the Ballroom 2, Fairmont Makati, 1 Raffles Drive, Makati Avenue, Makati City.

List of elected directors for the ensuing year with their corresponding shareholdings in the Issuer

Name of Person	Shareholdings in the Listed Company		Nature of Indirect Ownership
	Direct	Indirect	
Fernando Miranda Zobel de Ayala	1	130,042,000	lodged with PCD Nominee
Jaime Augusto Miranda Zobel de Ayala	1	0	-
Gerardo C. Ablaza, Jr.	0	1,000,001	lodged with PCD Nominee; one share held in trust for AC Energy, Inc.
Jose Rene Gregory D. Almendras	0	1	held in trust for AC Energy, Inc.
John Eric T. Francia	48,981,270	50,000,001	lodged with PCD Nominee; one share held in trust for AC Energy, Inc.
John Philip S. Orbeta	0	1	held in trust for AC Energy, Inc.
Jesus P. Francisco	28,500	1,000	lodged with PCD Nominee
Consuelo D. Garcia	1,000	0	-
Ma. Aurora D. Geotina-Garcia	1	0	-
Sherisa P. Nuesa	40,000	0	-
Melinda L. Ocampo	1	0	-

External auditor	Sycip Gorres Velayo & Company

List of other material resolutions, transactions and corporate actions approved by the stockholders
Please see attached disclosure.
Other Relevant Information
Mr. Jesus P. Francisco and Mses. Consuelo D. Garcia, Ma. Aurora D. Geotina-Garcia, Sherisa P. Nuesa and Melinda L. Ocampo were elected independent directors.

September 17, 2019 ***Results of the Organizational Meeting of the Board of Directors of PHINMA Energy Corporation***

Background/Description of the Disclosure
The newly-elected directors of PHINMA Energy Corporation held its organizational meeting on 17 September 2019 at the Ballroom 2, Fairmont Makati, 1 Raffles Drive, Makati Avenue, Makati City

List of elected officers for the ensuing year with their corresponding shareholdings in the Issuer

Name of Person	Position/Designation	Shareholdings in the Listed Company		Nature of Indirect Ownership
		Direct	Indirect	
Fernando M. Zobel de Ayala	Chairman	1	106,420,000	lodged with the PCD Nominee
Jaime Augusto M. Zobel de Ayala	Vice Chairman	1	0	-
John Eric T. Francia	President and CEO	48,981,270	50,000,001	lodged with the PCD Nominee; one share held in trust for AC Energy, Inc.
Maria Corazon G. Dizon	Treasurer and CFO	12,432,383	8,000,000	lodged with the PCD Nominee
Gabino Ramon G. Mejia	Head of Plant Operations	5,221,428	0	-

Roman Miguel G. de Jesus	Head of Business Operations	6,194,849	4,799,200	lodged with the PCD Nominee
Solomon M. Hermosura	Corporate Secretary	0	13,300,000	lodged with the PCD Nominee
Dodjie D. Lagazo	Assistant Corporate Secretary	6,526,166	0	-
Alan T. Ascalon	Assistant Corporate Secretary	347,173	276,000	lodged with the PCD Nominee
Mariejo P. Bautista	SVP-Finance and Controller	1,101,450	1,151,227	lodged with the PCD Nominee
Danilo L. Panes	VP-Wind Operations	94,530	435,207	lodged with the PCD Nominee
Andree Lou C. Kintanar	Head of Human Resources	1,520,660	64,000	lodged with the PCD Nominee
Irene S. Maranan	Head of Corporate Communications and Sustainability	3,587,718	815,000	lodged with the PCD Nominee
Ma. Teresa P. Posadas	AVP-Human Resources	211,898	89,000	lodged with the PCD Nominee

List of Committees and Membership

Name of Committees	Members	Position/Designation in Committee
EXECUTIVE COMMITTEE	Fernando Zobel de Ayala	Chairman
EXECUTIVE COMMITTEE	Jaime Augusto Zobel de Ayala	Member
EXECUTIVE COMMITTEE	John Eric T. Francia	Member
PERSONNEL AND COMPENSATION COMMITTEE	John Philip S. Orbeta	Chairman
PERSONNEL AND COMPENSATION COMMITTEE	Gerardo C. Ablaza, Jr.	Member
PERSONNEL AND COMPENSATION COMMITTEE	Sherisa P. Nuesa	Member
AUDIT COMMITTEE	Ma. Aurora Geotina-Garcia	Chairman
AUDIT COMMITTEE	Jesus P. Francisco	Member
AUDIT COMMITTEE	Consuelo D. Garcia	Member
BOARD RISK AND RELATED PARTY TRANSACTION COMMITTEE	Sherisa P. Nuesa	Chairman
BOARD RISK AND RELATED PARTY TRANSACTION COMMITTEE	Ma. Aurora Geotina-Garcia	Member
BOARD RISK AND RELATED PARTY TRANSACTION COMMITTEE	Melinda L. Ocampo	Member
CORPORATE GOVERNANCE AND NOMINATION COMMITTEE	Consuelo D. Garcia	Chairman
CORPORATE GOVERNANCE AND NOMINATION COMMITTEE	Melinda L. Ocampo	Member
CORPORATE GOVERNANCE AND NOMINATION COMMITTEE	Jesus P. Francisco	Member
Committee of Inspectors of Proxies and Ballots	Solomon M. Hermosura	Chairman
Committee of Inspectors of Proxies and Ballots	Dodjie D. Lagazo	Member
Committee of Inspectors of Proxies and Ballots	Alan T. Ascalon	Member

List of other material resolutions, transactions and corporate actions approved by the Board of Directors
The Board of Directors also approved the election of Ms. Sherisa P. Nuesa as the lead independent director.

September 18, 2019 ***Amendment to the articles of incorporation of the Company***

Background/Description of the Disclosure
Please be informed that during the special board meeting held on 5 September 2019, the Board of Directors of the Company approved an amendment to the articles of incorporation of the Company. During the Annual Stockholders' Meeting held on 17 September 2019, the stockholders approved and adopted the same.

Date of Approval by Board of Directors	Sep 5, 2019
Date of Approval by Stockholders	Sep 17, 2019
Other Relevant Regulatory Agency, if applicable	Department of Energy (DOE)
Date of Approval by Relevant Regulatory Agency, if applicable	TBA
Date of Approval by Securities and Exchange Commission	TBA
Date of Receipt of SEC approval	TBA

Rationale for the amendment(s)
The inclusion of a provision that exempts from the pre-emptive right of existing stockholders the issuance of shares in exchange for property needed for corporate purposes or as payment for previously contracted debt, will enable Company to acquire in a prompt manner key assets which can be used pursuant to its business, subject to third party valuation and fairness opinion. For the protection of the minority stockholders, the shares to be issued for this purpose shall be limited to 16 billion shares.

The timetable for the effectivity of the amendment(s)

Expected date of filing the amendments to the Articles of Incorporation with the SEC	Nov 8, 2019
Expected date of SEC approval of the Amended Articles of Incorporation	Mar 6, 2020

Effect(s) of the amendment(s) to the business, operations and/or capital structure of the Issuer, if any
The proposed amendment will allow the Company to acquire assets needed for corporate purposes.
Other Relevant Information
The disclosure was amended today, 17 September 2019 to reflect the date of approval by stockholders. This is to update the disclosures with PSE reference number C06171-2019 dated 6 September 2019.

September 18, 2019 ***Amendment to the articles of incorporation of the Company***

Background/Description of the Disclosure
Please be informed that during the special board meeting held on 23 July 2019, the Board of Directors of the Company approved amendments to the articles of incorporation of the Company. During the Annual Stockholders' Meeting held on 17 September 2019, the stockholders approved and adopted the same.

Date of Approval by Board of Directors	Jul 23, 2019
Date of Approval by Stockholders	Sep 17, 2019
Other Relevant	Department of Energy (DOE)

Regulatory Agency, if applicable	
Date of Approval by Relevant Regulatory Agency, if applicable	TBA
Date of Approval by Securities and Exchange Commission	TBA
Date of Receipt of SEC approval	TBA

Amendment(s)

Article No.	From	To
Caption	AMENDED ARTICLES OF INCORPORATION OF PHINMA ENERGY CORPORATION	AMENDED ARTICLES OF INCORPORATION OF AC ENERGY PHILIPPINES, INC.
First	FIRST: The name of said Corporation shall be PHINMA ENERGY CORPORATION, hereinafter called the Corporation.	FIRST: The name of said Corporation shall be AC ENERGY PHILIPPINES, INC., hereinafter called the Corporation.
Third	THIRD: That the place where the principal office of the corporation is to be established or located is at Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City, Philippines. The Corporation may establish and maintain branch offices or agencies elsewhere in the Philippines or in foreign counties whenever warranted by exigencies of its business.	THIRD: That the place where the principal office of the corporation is to be established or located is at 4th floor, 6750 Office Tower, Ayala Ave., Makati City, Philippines. The Corporation may establish and maintain branch offices or agencies elsewhere in the Philippines or in foreign counties whenever warranted by exigencies of its business.
Seventh	SEVENTH: That the authorized capital stock of said corporation is EIGHT BILLION FOUR HUNDRED MILLION PESOS (P8,400,000,000.00.00) Philippine Currency, and said capital stock is divided into EIGHT BILLION FOUR HUNDRED MILLION (8,400,000,000.00.00) shares with a par value of One Pesos (P1.00) per share. That no holder of the capital stock, whether said stock is now or hereafter authorized, shall have any right, as such stockholder, to purchase or subscribe to additional shares of the capital stock which are now or hereafter authorized by the Corporation, if the issue of the said additional stock not to exceed Thirty-Five percent (35%) of the resulting total subscribed capital stock shall be exclusively for the benefit of the Corporation as determined by resolutions of the Board of Directors.	SEVENTH: That the authorized capital stock of said corporation is TWENTY-FOUR BILLION FOUR HUNDRED MILLION PESOS (P24,400,000,000.00) Philippine Currency, and said capital stock is divided into TWENTY-FOUR BILLION FOUR HUNDRED MILLION (24,400,000,000) shares with a par value of One Peso (P1.00) per share. That no holder of the capital stock, whether said stock is now or hereafter authorized, shall have any right, as such stockholder, to purchase or subscribe to additional shares of the capital stock which are now or hereafter authorized by the Corporation, if the issue of the said additional stock not to exceed Thirty-Five percent (35%) of the resulting total subscribed capital stock shall be exclusively for the benefit of the Corporation as determined by resolutions of the Board of Directors.

Rationale for the amendment(s)
The change in corporate name reflects the change in the ownership of the Company. For alignment, operational and management efficiency, the Company's principal office will be transferred to 6750 Office Tower where AC Energy, Inc. ("AC Energy") also holds office. AC Energy is the parent company of PHINMA Energy Corporation. In relation to the increase in authorized capital stock, the Company plans to raise capital through a rights offering. Additional capital will be used for investments in greenfield projects and acquisition of power assets, including part of AC Energy's on-shore power generation and development assets. Any such purchase of AC Energy's assets will be subjected to third party valuation and approval of the Company's Board Risk Management and Related Party Transactions Committee.

The timetable for the effectivity of the amendment(s)

Expected date of filing the amendments to the Articles of Incorporation with the SEC	Nov 8, 2019
Expected date of SEC approval of the Amended Articles of Incorporation	Mar 6, 2020

Effect(s) of the amendment(s) to the business, operations and/or capital structure of the Issuer, if any
The proposed amendment to increase the Company's authorized capital stock by up to Php16 billion divided into 16 billion common shares will result in an authorized capital stock of up to Php24.4 billion divided into 24.4 billion common shares.

Other Relevant Information
The disclosure was amended today, 17 September 2019 to reflect the date of approval by stockholders. This is to update the disclosures with PSE reference number C05162-2019 dated 25 July 2019.

September 18, 2019 ***Amendments to the by-laws of the Company***

Background/Description of the Disclosure
The Company approved amendments to the by-laws of the Company.

Date of Approval by Board of Directors	Jul 23, 2019
Date of Approval by Stockholders	Sep 17, 2019
Other Relevant Regulatory Agency, if applicable	Department of Energy (DOE)
Date of Approval by Relevant Regulatory Agency, if applicable	TBA
Date of Approval by Securities and Exchange Commission	TBA
Date of Receipt of SEC approval	TBA

Amendment(s)

Article and Section Nos.	From	To
Caption	AMENDED BY-LAWS OF PHINMA ENERGY CORPORATION	AMENDED BY-LAWS OF AC ENERGY PHILIPPINES, INC.
Article I	ARTICLE I OFFICE The principal office of the Corporation shall be located at Level 11, PHINMA Plaza, 39 Plaza Drive, Rockwell Center, Makati City.	ARTICLE I OFFICE The principal office of the Corporation shall be located at 4th floor, 6750 Office Tower, Ayala Ave., Makati City.

Rationale for the amendment(s)
The change in corporate name reflects the change in the ownership of the Company. For alignment, operational and management efficiency, the Company's principal office will be transferred to 6750 Officer Tower where AC Energy, Inc. ("AC Energy"), the parent company, also holds office.

The timetable for the effectivity of the amendment(s)

Expected date of filing the amendments to the By-Laws with the SEC	Sep 30, 2019
Expected date of SEC approval of the Amended By-Laws	Nov 11, 2019

Effect(s) of the amendment(s) to the business, operations and/or capital structure of the Issuer, if any
None.
Other Relevant Information
The disclosure was amended today to include the date of approval by stockholders. This is to update the disclosure with PSE reference number C05170-2019 dated 25 July 2019.

September 18, 2019 ***Clarification of the new article in Manila Times (Online Edition) on 18 September 2019 entitled "PHINMA Energy to spend $2 billion for RE projects"***

Source	Manila Times (Online Edition)
Subject of News Report	"PHINMA Energy to spend $2 billion for RE projects"
Date of Publication	Sep 18, 2019

Clarification of News Report

This is in reply to your request for clarification of the news article entitled "PHINMA Energy to spend $2 billion for RE projects" posted in Manila Times (Online Edition) on 18 September 2019. The article reported in part that:

"LISTED PHINMA Energy Inc. plans to spend about $2 billion on implementing renewable energy (RE) projects that would help it achieve its capacity target in the next six years as it is set to be renamed AC Energy Philippines Inc.

'Our goal is to reach 2,000 MW [megawatts] of renewables by 2025,' PHINMA Energy President and Chief Executive Officer John Eric Francia said during the Ayala-led company's annual stockholders' meeting in Makati City on Tuesday.

. . . .

At a briefing following the stockholders' meeting, Francia said the average cost of investing in the development of solar and wind projects was $1 million per MW.

These facilities would be financed through a 70:30 debt-to-equity financing ratio.

'Roughly around $500 million to $600 million of equity [is] required to fund the 2,000 MW [of RE]. That's over six years,' he told reporters.

According to him, the company would raise fresh funds to implement both greenfield and brownfield projects, mostly RE plants.

'A lot of [our] 1850 MW or 2000 MW goal of renewables in the Philippines…should be greenfield. We've got six years to develop. We are also open to some acquisitions,' Francia said.

He also said funds for the building of these plants would be raised through an asset swap and stock rights offering (SRO), the terms of which would be decided by the firm's board on October 9.

Afterward, an SRO application would be filed with regulators, the projected period of approval of which could take about three to six months, he added.

If approved, Phinma Energy expects to have proceeds from the SRO 'sometime [in the] first or second quarter [of] next year,' Francia said.

This is part of the Ayala Group's efforts to 'turn around and transform' Phinma Energy, which the Ayala Corp. acquired early this year for P6.3 billion.

Francia said they are now in the process of consolidating the assets of Phinma Energy and its parent firm AC Energy Inc. 'to form a stronger and more agile energy platform.'

. . . ."

We confirm the accuracy of the news report. We wish to clarify that what was reported were overall long term plans of the Company and that each individual investment mentioned will be subject to the appropriate board and regulatory approvals.

We will advise the Exchange promptly of any developments as applicable.

Thank you.