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Consolidated Financial Statements
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# MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS AND FINANCIAL CONDITION

The following management's discussion and analysis (MD&A) of Manila Water Company Inc. and subsidiaries' (Group) financial condition and results of operations should be read in conjunction with the Group's audited financial statements, including related notes. This report may contain forward-looking statements that involve risks and uncertainties. The actual results may differ materially from those discussed in the forward-looking statements as a result of various factors, including but not limited to, economic, regulatory, socio-political, financial and other risk factors.

Any references in this MD&A to "our", "us", "we", "MWCI" or the "Group" shall refer to Manila Water Company, Inc., including its subsidiaries. Any reference to "Manila Water Company", "Manila Water", "MWC" or the "Company" shall refer to the parent company only.

Additional information about the Group, including recent disclosures of material events and annual/ quarterly reports, are available at our corporate website at www.manilawater.com.

#### **OVERVIEW OF THE BUSINESS**

Manila Water Company holds the right to provide water and used water services to the eastern side of Metro Manila (Manila Concession or East Zone) under a Concession Agreement (CA) entered into between the Company and the Metropolitan Waterworks and Sewerage System (MWSS) in August 1997. The original term of the concession was for a period of 25 years to expire in 2022. The Company's concession was extended by another 15 years by MWSS and the Philippine Government in 2009, thereby extending the term from May 2022 to May 2037.

The Company provides water treatment, water distribution, sewerage and sanitation services to more than six million people in the East Zone, comprising a broad range of residential, semi-business, commercial and industrial customers. The East Zone encompasses 23 cities and municipalities spanning a 1,400-square kilometer area that includes Makati, Mandaluyong, Pasig, Pateros, San Juan, Taguig, Marikina, most parts of Quezon City, portions of Manila, as well as the following towns of Rizal: Angono, Antipolo, Baras, Binangonan, Cainta, Cardona, Jala-Jala, Morong, Pililia, Rodriguez, San Mateo, Tanay, Taytay, and Teresa.

Under the terms of the CA, the Company has the right to the use of land and operational fixed assets, and the right, as agent and concessionaire of MWSS, to extract and treat raw water, distribute and sell water, and collect, transport, treat and dispose used water, including reusable industrial effluent discharged by the sewerage system in the East Zone. The Company is entitled to recover over the concession period its operating, capital maintenance and investment expenditures, business taxes, and concession fee payments, and to earn a rate of return on these expenditures for the remaining term of the concession.

Aside from the Manila Concession, the Group has a holding company for all its domestic operating subsidiaries in Manila Water Philippine Ventures, Inc. (MWPV). Currently under MWPV are Clark Water Corporation (Clark Water), Laguna AAA Water Corporation (Laguna Water), Boracay Island Water Company (Boracay Water), Manila Water Consortium, Inc. (MW Consortium), a subsidiary of MW Consortium – Cebu Manila Water Development, Inc. (Cebu Water), Bulacan MWPV Development Corporation (BMDC), Filipinas Water Consortium Holdings Corp. (Filipinas Water), subsidiaries of Filipinas Water – Obando Water Company, Inc. (Obando Water) and Bulakan Water Company, Inc. (Bulakan Water), Davao del Norte Water Infrastructure Company, Inc. (Davao Water), a subsidiary of Davao Water – Tagum Water Company, Inc. (Tagum Water), Zamboanga Water Company, Inc. (Zamboanga Water), Manila Water International Solutions, Inc (MWIS), Aqua Centro MWPV Corporation (Aqua Centro MWPV), EcoWater MWPV Corporation (EcoWater), and Leyte Water Company, Inc. (Leyte Water). Also under MWPV is Estate Water, which is its division that operates and manages the water systems of townships developed by Ayala Land, Inc. Another subsidiary of Manila Water is Calasiao Water Company, Inc. (Calasiao Water), a water supply project for the Calasiao Water District.

The holding company for its international ventures is Manila Water Asia Pacific Pte. Ltd. (MWAP). Under MWAP are two affiliated companies in Vietnam, namely Thu Duc Water B.O.O Corporation (Thu Duc Water) and Kenh Dong Water Supply Joint Stock Company (Kenh Dong Water), both supplying treated water to Saigon Water Corporation (SAWACO) under a take-or-pay arrangement.

Also under MWAP are Saigon Water Infrastructure Corporation (Saigon Water), a holding company listed in the Ho Chi Minh City Stock Exchange, Cu Chi Water Supply Sewerage Company, Ltd. (Cu Chi Water) and another company tasked to pursue non-revenue water reduction projects in Vietnam called Asia Water Network Solutions Joints Stock Company (Asia Water). Apart from its operations in Vietnam, MWAP has affiliates in Thailand and Indonesia through Eastern Water Resources Development and Management Public Company Limited (East Water), and PT Sarana Tirta Ungaran (PT STU), respectively.

Lastly, Manila Water Total Solutions Corporation (MWTS), a wholly-owned subsidiary, handles after-the-meter products and services. Its current offerings include pipelaying, integrated used water services, and the sale of Healthy Family Purified Water as five-gallon and 500-ml purified water in selected areas in Metro Manila.

#### **CONSOLIDATED FINANCIAL PERFORMANCE**

The Group's key financial performance indicators are discussed below:

	For the years ended December 31 (in thousand Pesos)			
	2018	2017	Increase/ (Decrease)	%
Total operating revenues	19,836,292	18,515,772	1,320,520	7%
Total cost and expenses (excluding depreciation and amortization)	8,076,088	7,360,379	715,709	10%
Other income (expense) - net	878,781	540,980	337,800	62%
Equity share in net income of associates	699,142	457,208	241,934	53%
Others	179,639	83,772	95,867	114%
EBITDA	12,638,985	11,696,373	942,612	8%
Depreciation and amortization	2,655,669	2,556,999	98,670	4%
Income before other income/expenses	9,983,316	9,139,374	843,942	9%
Interest income (expense) - net	(1,371,926)	(1,057,498)	(314,428)	30%
Income before income tax	8,611,390	8,081,876	529,514	7%
Provision for income tax	1,976,357	1,941,929	34,428	2%
Net income	6,635,033	6,139,947	495,086	8%
Non-controlling interest	111,332	(6,661)	117,993	-1771%
Net income attributable to MWC	6,523,701	6,146,608	377,093	6%

Consolidated operating revenues grew by 7% to ₱19,836 million in 2018 from ₱18,516 million the previous year, on account of higher billed volume driven largely by the Manila Concession.

A breakdown of the revenue drivers is shown below:

	For the years ended December 31 (in thousand Pesos)					
	<b>2018</b> 2017 Increase/ (Decrease)					
Water	15,231,518	14,269,066	962,452	7%		
Environmental charges	2,719,651	2,481,248	238,403	10%		
Sewer	520,401	455,606	64,795	14%		
Other operating income	1,364,722	1,309,852	54,870	4%		
Total operating revenues	19,836,292	18,515,772	1,320,520	7%		

The Group derived 77% of its operating revenues from the sale of water, while 16% came from environmental and sewer charges. Other revenues, which accounted for the balance of 7%, were from after-the-meter services, connection fees and septic sludge disposal, among others.

On the other hand, consolidated costs and expenses (excluding depreciation and amortization) increased by 10% to ₱8,076 million in 2018, led by a 17% growth in direct costs to ₱3,514 million. This is due to higher costs of water treatment chemicals, higher contractual services, and increase in desludging costs due to higher number of households desludged. Another driver of operating costs and expenses was personnel costs brought about by higher headcount at the subsidiaries, driven by continued business expansion.

Below is a summary of the operating expenses incurred during the period:

	For the years ended December 31 (in thousand Pesos)			
	2018	2017	Increase/ (Decrease)	%
Salaries, wages and employee benefits	2,323,082	2,059,203	263,879	13%
Non-personnel costs	5,329,406	4,830,378	499,028	10%
Direct costs	3,514,476	2,992,401	522,075	17%
Overhead	1,427,710	1,507,402	(79,692)	-5%
Premises	387,220	330,575	56,645	17%
Other expenses	423,600	470,798	(47,198)	-10%
Total cost and expenses				
(excluding depreciation and amortization)	8,076,088	7,360,379	715,709	10%

Meanwhile, other income (net of expense) grew by 62% to ₱879 million in 2018 from ₱541 million the previous year, due to higher equity share in net income of associates and net foreign exchange gains. The two bulk water companies in Vietnam, namely Thu Duc Water and Kenh Dong Water, together with additional contributions coming from new acquisitions, East Water in Thailand and PT Sarana Tirta Ungaran in Indonesia, contributed ₱699 million in net income, growing by 53% year-on-year.

The movements in operating revenues and expenses as well as other income resulted in consolidated earnings before interest, income taxes, depreciation and amortization (EBITDA) of P12,639 million in 2018, improving by 8% from the previous year. EBITDA margin was recorded at 64%.

Depreciation and amortization rose by 4% to \$\frac{1}{2}\$,656 million in line with the Group's continued asset build-up. Meanwhile, net interest expense was higher by 30% to \$\frac{1}{2}\$,372 million due to incremental interest expense arising from the second and final drawdown from the Yen loan facility of the Manila Concession, as well as the new loan drawdowns of the subsidiaries. Provision for income tax increased by 2% to \$\frac{1}{2}\$,976 million due to the higher taxable base of the Group. These developments resulted in a reported net income of \$\frac{1}{2}\$6,524 million in 2018, growing 6% from 2017.

#### **BUSINESS UNITS' FINANCIAL AND OPERATING PERFORMANCE**

#### **MANILA CONCESSION**

	For the years ended December 31			
	2018	2017	Increase/ (Decrease)	
Operating Highlights				
Billed volume (in million cubic meters)	503.3	488.4	14.9	3%
Domestic	324.2	317.7	6.6	2%
Semi-Business	63.7	60.5	3.2	5%
Commercial	91.5	87.2	4.3	5%
Industrial	23.9	23.0	0.9	4%
Number of billed connections	986,756	961,663	25,093	3%
Non-revenue water	11.4%	11.6%	0.2% pt	
Financial Highlights (in thousand Pesos)				
Revenues	16,234,100	15,082,828	1,151,272	8%
Cost and expenses	4,804,285	4,235,462	568,823	13%
EBITDA	11,616,869	10,861,683	755,186	7%
Net income	6,521,192	5,949,821	571,371	10%

The Manila Concession's billed volume increased by 3% in 2018 to 503.3 million cubic meters (mcm), on account of a 3% improvement in billed water connections (net of permanent disconnections) to 986,756 customers at the end of the period. Average consumption slightly increased by 0.02% to 42.97 cubic meters per connection, while average effective tariff increased by 4% to \$\mathbb{P}\$31.11 per cubic meter.

Billed volume growth was driven by the improvement in semi-business and commercial accounts both growing by 5%, with the latter due to increased foot traffic in business establishments and the reclassification of major accounts. Domestic accounts likewise grew by 2% mainly due to new regular accounts and the realization of prior year's projects. Lastly, industrial accounts grew by 4% driven by new developments under construction particularly in Taguig and Marikina areas.

The level of system losses, as measured by non-revenue water (NRW), improved to 11.4% at the end of the period from 11.6% during the same period in 2017, resulting from replaced pipelines and repaired assets. Meanwhile, collection efficiency in 2018 was at nearly 100%, with average accounts receivable days maintained at 19 days.

On September 27, 2018, the Metropolitan Waterworks and Sewerage System approved the Rate Rebasing Adjustment for the fifth Rate Rebasing period (2018 to 2022) amounting to an increase of 24.89%. To mitigate the impact of the tariff increase, Manila Water will stagger its implementation over a five-year period: (1) October 2018 at P1.46; (2) January 2019 at P0.00; (3) January 2020 at P2.00; (4) January 2021 at P2.00; and (5) January 2022 from P0.76 to P1.04. On October 16, 2018, the first tranche was implemented on the current basic tariff of P24.82 per cubic meter.

Supported by robust billed volume growth, revenues increased by 8% to ₱16,234 million in 2018. Cost and expenses, on the other hand, rose by 13% to ₱4,804 million due to an increase in direct and overhead costs, notably for the higher water turbidity at La Mesa intake and payment of management and legal services, respectively. This resulted in an EBITDA of ₱11,617 million and an EBITDA margin of 72%. Net income reached ₱6,521 million at the end of 2018, growing 10% from the same period last year.

#### MANILA WATER PHILIPPINES VENTURES (MWPV)

The following discussion includes the consolidated results of Manila Water Philippines Ventures, as well as the individual performance of the domestic operating subsidiaries in Boracay Water, Clark Water, Laguna Water, and Estate Water, which is a division within Manila Water Philippine Ventures.

	For the years ended December 31				
	2018	2017	Increase/ (Decrease)	%	
Operating Highlights					
Billed volume (in million cubic meters)	82.2	83.9	(1.7)	-2%	
Financial Highlights (in thousand Pesos)					
Revenues	3,295,267	3,111,778	183,489	6%	
Cost and expenses	2,288,540	2,279,786	8,754	0%	
EBITDA	1,051,469	886,720	164,749	19%	
Net income attributable to MWC	194,877	287,473	(92,596)	-32%	

On a consolidated MWPV level, revenues grew 6% to ₱3,296 million due to higher average tariff of Boracay Water and Laguna Water, as well as income coming from new subsidiaries Obando Water, BMDC, Aqua Centro and Calasiao Water. Operating expenses slightly rose by 1% year-on-year as business building efforts continue. These include business development costs of ₱129 million for 2018. While cost and expenses were held steady, higher interest expense resulting from loan availments of the subsidiaries placed a strain on net income, ending at ₱195 million in 2018. This is a 32% decline from the previous year.

	For the years ended December 31			
	2018	2017	Increase/ (Decrease)	%
Clark Water				
Billed volume (in million cubic meters)	14.1	14.5	(0.4)	-3%
Net income (in thousand Pesos)	80,188	94,200	(14,012)	-15%
Laguna Water				
Billed volume (in million cubic meters)	42.5	44.1	(1.6)	-4%
Net income (in thousand Pesos)	308,206	(321,393)	629,599	-196%
Boracay Water				
Billed volume (in million cubic meters)	3.9	5.5	(1.6)	-29%
Net income (in thousand Pesos)	5,680	142,434	(136,754)	-96%
Estate Water				
Billed volume (in million cubic meters)	5.7	4.5	1.2	27%
Net income (in thousand Pesos)	133,324	254,967	(121,643)	-48%

Clark Water registered lower billed volume of 14.1 mcm in 2018, 3% down from 14.5 mcm in 2017 due to lower consumption of several key locators. It also faced a deterioration in NRW as it increased by 1.2%-points to 6.7% in 2018 from 5.5% the previous year. Its average effective tariff, however, improved by 3% to \$\mathbb{P}\_{31.05}\$ per cubic meter. Clark Water spent \$\mathbb{P}\_{53}\$ million in capital

expenditures, mostly going to water supply projects. With lower billed volume, Clark Water's revenues dropped slightly by 1% to P455 million in 2018. Furthermore, cost and expenses rose by 2% to P256 million resulting in a 5% decline in EBITDA to P199 million. As a result, Clark Water net income declined by 15% to P80 million at the end of 2018.

Meanwhile, billed volume of Laguna Water dropped by 4% to 42.5 mcm in 2018, brought about by water conservation efforts undertaken by several of its LTI locators. On the other hand, NRW improved by 2.8%-points as it reached 16.7% at the end 2018 from 19.5% the previous year. Laguna Water spent P561 million in capital expenditures during the period, mostly for the expansion of water and used water networks. Revenues grew 10% in 2018 to P1.34 billion, on the back of a 13% improvement in average effective tariff to P27.81 per cubic meter and additional revenues from supervision fees. On the other hand, cost and expenses dropped 41% from 2017 to P724 million due to provision for unrecoverable receivables recognized the previous year. These movements resulted in a significant improvement in EBITDA to P636 million and 196% net income growth to P308 million at the end of 2018. The management takes a prudent approach in reflecting an objective view of the business. In 2018, Laguna Water recognized additional depreciation expense from its completed projects covering both the current and prior years and which resulted to a restatement of Laguna Water's 2017 statutory reported net loss. The additional depreciation expense was recognized in full in the 2018 consolidated operating expenses which does not materially affect the consolidated operating results of the Group for both 2018 and 2017.

Moving on to Boracay Water, its billed volume ended at 3.93 mcm in 2018, down by 29% from the previous year. This was a direct result of the island's closure in April 26, 2018 as part of the government's drive towards the island's environmental rehabilitation. Said closure led to a 53% decline in tourist arrivals during the period, with only 670,000 visitors allowed entry during the rehabilitation. Consequently, NRW improved by 8.7%-points to 13.8% during said period as leaks in the waterlines caused by the road improvements were repaired. Boracay Water spent capital expenditures of P444 million in 2018 for pipelaying and expansion of used water services. This is 4% lower than the previous year, mainly caused by project stoppage during the island's closure. Boracay Water's average effective tariff increased by 20% to P119.91 per cubic meter in line with the approval of its new rates by the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) Regulatory Office in 2017. However, the 29% decline in billed volume due to the island closure caused revenues to decrease by 24% to P454 million. Meanwhile, cost and expenses were managed and grew by only 1% to P287 million. With the significantly impaired revenue base, EBITDA declined by 47% to P167 million, translating to a 96% drop in net income to P6 million in 2018.

Lastly, Estate Water posted billed volume growth of 25% to 5.7 mcm in 2018, on the back of a 3% increase in billed connections coming from the brownfield Ayala Land developments it has taken over. However, capital expenditures spent mostly for the development of water and used water networks in its greenfield projects, dropped by 3% to ₱490 million as it encountered delays in the construction start for several developments. Revenues and other income remained steady at ₱638 million in 2018. On the other hand, cost and expenses rose 57% to ₱431 million, resulting in a drop in EBITDA of 43% to ₱207 million. Estate Water posted a net income of ₱133 million in 2018, declining 48% from the previous year.

#### MANILA WATER ASIA PACIFIC (MWAP)

The following discussion includes the consolidated results of Manila Water Asia Pacific, as well as the individual performance of the associates in Vietnam.

	For the years ended December 31				
	2018	2017	Increase/ (Decrease)	%	
Operating Highlights					
Billed volume (in million cubic meters)	574.9	236.7	338.2	143%	
Financial Highlights (in thousand Pesos)					
Equity Share in Net Income of Associates	699,142	457,208	241,934	53%	
Cost and expenses	224,172	164,925	59,247	36%	
EBITDA	412,842	332,043	80,799	24%	
Net income attributable to MWC	278,434	332,579	(54,146)	-16%	

On a consolidated MWAP level, equity share in net income of associates increased by 53% to ₱699 million, from the combined income of Thu Duc Water, Kenh Dong Water, Saigon Water, and the addition of East Water and PT STU. Operating expenses increased by 36% to ₱224 million, driven by additional personnel and management and professional costs during the year. These also include business development costs amounting ₱90 million for 2018. In addition, an impairment loss amounting to ₱65.4 million was recognized by MWAP in relation to its investment in Saigon Water due to the difference in the volume weighted average price (VWAP) and carrying value of the Company's investment in Saigon Water. As a result, 2018 net income ended at ₱278 million, 16% lower than the previous year due also to the interest expense related to the loan which financed the East Water acquisition.

	For the years ended December 31 Increase/			
	2018	2017	(Decrease)	%
Thu Duc Water				
Billed volume (in million cubic meters)	110.2	110.9	(0.7)	-1%
Net income (in million VND)	105,406	104,057	1,349	1%
Net income at 49.00% contribution (in thousand Pesos)	254,895	241,946	12,949	5%
Kenh Dong Water				
Billed volume (in million cubic meters)	57.0	57.8	(0.8)	-1%
Net income (in million VND)	74,452	76,251	(1,799)	-2%
Net income at 47.35% contribution (in thousand Pesos)	152,656	148,387	4,269	3%

Thu Duc Water sold a total of 110.2 mcm in 2018, dropping slightly by 1% from a billed volume level of 110.9 mcm the previous year. The decline was due to the lower water intake of Saigon Water Corporation ("SAWACO"). Under the Vietnamese Accounting Standards ("VAS"), revenues grew by 2% to VND335 billion. Thu Duc Water's operating expenses were held steady, increasing by 1% to VND112 billion. This led to an improvement in EBITDA by 2% to VND223 billion. Consequently, net income increased by 1% equivalent to VND105 billion, further supported by the 2% increase in average tariff. In peso terms, the PFRS-translated income reflected in the consolidated financial statements as equity share in net income of associates amounted to \$\mathbb{P}\$255 million in 2018, equivalent to Manila Water's 49% stake in Thu Duc Water.

Kenh Dong Water's billed volume slightly declined by 1% in 2018 to 57.0 mcm from the 57.8 mcm registered in 2017. This is due to lower production to SAWACO caused by low water supply. Under the Vietnamese Accounting Standards (VAS), Kenh Dong Water posted revenues of VND221 billion and an EBITDA of VND148 billion. With higher direct costs, Kenh Dong's net income declined to VND74 billion, down 2% from 2017. Similar to Thu Duc Water, income from Kenh Dong Water is translated into PFRS and is reported as equity share in net income of associates in the consolidated financial statements. In peso terms, the PFRS-translated income of Manila Water's 47.35% stake in Kenh Dong Water amounted to \$\frac{1}{2}\$13 million in 2018.

Aside from Thu Duc Water and Kenh Dong Water, MWAP's investment in Saigon Water, the listed holding company in Vietnam, contributed a net income of P27 million in 2018. MWAP's new associates in Thailand and Indonesia, East Water and PT STU, contributed P263 million and P1.4 million, respectively.

#### **BALANCE SHEET**

The consolidated statement of financial position as of the end 2018 reflected the Group's continuous asset base expansion. Total assets rose by 19% to ₱122.53 billion, as the Group undertook additional investments in East Water and PT STU during the first quarter. Liabilities increased by 26% to ₱68.91 billion primarily to fund expansion and new acquisitions. Cash and cash equivalents stood at ₱9.39 billion.

With respect to the Group's loans, debt to equity ratio stood at 1.16x, excluding service concession obligations, while net bank debt to equity registered at 0.64x.

Under the Company's dividend policy, common shares are entitled to annual cash dividends equivalent to 35% of the prior year's net income, payable semi-annually. On March 1, 2018, the Company declared cash dividends for the first half of the year, set at Po.4302 per common share and Po.04302 per preferred share, amounting to P1.06 billion. On October 2, 2018, the Company declared cash dividends for the second half of the year, set at Po.4283 per common share and Po.04283 per preferred share, totaling P1.06 billion.

#### **CAPITAL EXPENDITURES**

The Group ended 2018 with total capital expenditures of ₱9,979 million, 23% lower than the previous year.

The Manila Concession spent a total of \$\mathbb{P}8,045\$ million (inclusive of concession fee payments) for capital expenditures in 2018. Of the total amount, 93% was spent on wastewater expansion, network reliability, and water supply projects, while the balance of 7% was accounted for by concession fees paid to MWSS.

Meanwhile, total capital expenditures of the domestic subsidiaries dropped by 20% to ₱1,850 million from the ₱2,315 million spent in 2017. Of the total amount, ₱561 million was spent by Laguna Water for its water network expansion, while Boracay Water and Tagum Water disbursed ₱444 million and ₱203 million, respectively. Estate Water spent ₱490 million for its greenfield and brownfield projects, with the balance being taken on by the remaining subsidiaries for its various projects.

# REPORT OF THE AUDIT COMMITTEE TO THE **BOARD OF DIRECTORS**

## FOR THE YEAR ENDED DECEMBER 31, 2018

The Audit Committee's roles, responsibilities and authority are defined in the Audit Committee Charter approved by the Board of Directors. The Committee provides assistance to the Board of Directors in fulfilling their oversight responsibility to the shareholders relating to the:

- a) integrity of the Manila Water Company, Inc.'s (the Company) financial statements and the financial reporting process;
- b) appointment, remuneration, independence and performance of internal audit and of the independent auditors, and integrity of the audit process;
- c) effectiveness of the systems of internal controls and enterprise risk management process;
- d) compliance with applicable legal and regulatory requirements and other reporting standards;
- e) performance and leadership of the internal control function; and
- f) preparation of a year-end report of the Committee for approval of the Board and to be included in the annual report.

In compliance with the Audit Committee Charter, the Committee confirms that:

- An independent director chairs the Audit Committee. The Committee has three out of four members who are independent directors;
- The Committee had five meetings during the year with the following attendance rate:

Directors	No. of Meetings Attended/Held	Percent Present
Oscar S. Reyes	5/5	100%
Jose L. Cuisia Jr.	5/5	100%
Jaime C. Laya	5/5	100%
Gerardo C. Ablaza Jr.	5/5	100%

- The Committee reviewed and approved the quarterly unaudited Consolidated Financial Statements and the annual
  audited Consolidated Financial Statements of Manila Water Company, Inc. and subsidiaries, including Management's
  Discussion and Analysis of Financial Condition and Results of Operations as of and for the year ended December 31, 2018,
  with the Company's Management, internal auditors, and SGV & Co. These activities were conducted in the following
  context:
  - Management has the primary responsibility for the financial statements and the reporting process; and
  - SyCip Gorres Velayo & Co. is responsible for expressing an opinion on the conformity of the Company's audited consolidated financial statements with the Philippine Financial Reporting Standards.

- The Committee reviewed and approved the Management representation letter before submission to the Company's independent external auditors.
  - The Committee recommended to the Board of Directors the re-appointment of SyCip Gorres Velayo & Co. as independent external auditors for 2018 based on its review of SyCip Gorres Velayo & Co. performance and qualifications, including consideration of Management's recommendation.
  - The Committee reviewed and approved all audit and audit-related services provided by SyCip Gorres Velayo & Co. to the Company and the related fees for such services.
  - The Committee discussed and approved the overall scope and the respective audit plans of the Company's internal auditors and of SyCip Gorres Velayo & Co., the results of their audits and their assessment of the Company's internal controls, and the overall quality of the financial reporting process.
  - The Committee discussed the reports of the internal auditors, and ensured that Management is taking appropriate actions in a timely manner, including addressing internal control and compliance issues.
     All the activities performed by Internal Audit were conducted in conformance with the International Standards for the Professional Practice of Internal Auditing.
  - The Audit Committee, through the audits conducted by SGV & Co. and Internal Audit, has reviewed Management's system of internal controls and the Committee found the internal control system to be adequate and effective.
  - The Committee discussed with Management the adequacy and effectiveness of the Enterprise Risk Management process, including significant risk exposures, the related risk-mitigation efforts and initiatives, and the status of the mitigation plans. The review was undertaken in the context that Management is primarily responsible for the risk management process.
  - The Committee reviewed and confirmed that the existing Audit and Internal Audit Charters are sufficient to accomplish the Committee's and Internal Audit's objectives. The Audit Committee Charter is in compliance with the Securities and Exchange Commission Memo Circular No. 04 (2012).
  - The Committee conducted a self-assessment of its performance to confirm that the Committee continues to meet the expectations of the Board, Management and shareholders.

Based on the reviews and discussions undertaken, and subject to the limitations on our roles and responsibilities referred to above, the Audit Committee recommended to the Board of Directors the inclusion of the Company's audited consolidated financial statements in the Company's Annual Report to the Stockholders for the year ended December 31, 2018 and the filing thereof with the Securities and Exchange Commission.

February 22, 2019

OSCAR S. REYES
Chairman, Audit Committee

JAIME C. LAYA
Independent Director

JOSE L. CUISIA JR. Independent Director

GERARDO C. ABLAZA JR.

Member

# STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of Manila Water Company, Inc. (the Company) and its subsidiaries (the Group) is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as of December 31, 2018 and 2017 and for the years ended December 31, 2018, 2017, and 2016, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

FERNANDO ZOBEL DE AYALA

Fraud Fofte Ayele

Chairman of the Board

FERDINAND M. DELA CRUZ

Strongelading

President and Chief Executive Officer

MA. CEC(L)A T. CRUZABRA
Chief Finance Officer



(by Clip Gores Velayo & Co. 18: (6:12) 811 8387 10:50 Again Ascrus: Fac: (6:12) 819 8872 1225 Mateli Clip ey.com/ph

BICAPPIC Reg. No. 000H, October 4, 2018, valid until August 24, 2021 \$EC Accretitation No. 0012-FR-5 (\$map A). Neventer 6, 2018, with unit Herenius 5, 2021

#### MONTHOUS AND SE LINGS

The Board of Directors and Stoukholders Macile Water Company, Inc.

#### Opinica

We have suction the consolidated financial statements of Hanila Water Company, Inc. (the Parent Company) and its subsidiaries (collectively referred to as "the Broup"), which comprise the consolidated statements of financial position as at Occurring at, not 8 and 2017, and the normalidated statements of comprehensive income, normalidated statements of classics in equity and consolidated statements of such flows for each of the three years in the period model (naturally gt, actil, and actes to the constituted financial statements, including a marriary of significant amounting policies.

to our opinion, the among anying consolidated financial statuments present fairly, in all material respects, the consolidated and position of the Broug as at Community, and any, and in compositional Streeming performance and its committeed each flows for each of the thrus years in the puried ended December 21, 2018 in excerdance with Philippine Financial Reporting Standards (FRSs).

#### Banks for Options

We conducted our audits in accordance with Philippian Standards on Auditing (1984). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Floracial Statements sention of our report. We are independent of the Broup in accordance with the Dode of Ethics for Professional Accountants in the Philippines (Code of Birlion) together with the othinal requirements that are relevent to our smilt of the consolidated financial statements in the Philippians, and we failled our other athinst responsibilities in amordance with them requirements and the Code of Rhine. We believe that the smilt evidence are how obtained is sufficient and appropriate to provide a basis for our opinion.

#### Lay Acade Hatters

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

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Councillated Financial. Statuments sestion of our report, instuding in relation to these matters. Amord uply, our scale instuded the performence of promises designed to respond to our seminant of the risks of material ministeries of the consolidated financial states The results of our such procedures, including the prountures performed to address the matters below, provide the basis for our andit opinion on the accompanying compilated financial statements.



#### Revenue recognition for Merch Concerning (East East)

The Group's revenue from East Zone ecounts for 82% of total consolidated revenue. The renogation promous for the East Zone revenue requires processing of data from large sension area. The amounts billed to entermine sension of a number of components, including basis alongs, environmental alongs and foreign correspy differential adjustment and where applicable, sever charge. These teriffs depend on the austroner type and are determined based on a formula as prescribed by the Matropolitan Waterscribs and Sensorage System Regulatory Office (FWGS EO). This matter is significant to our audit because the revenue rangialzed depends on the completeness of septure of seater consumption based on the neutron rendings over the autocasion area taken on various datas; the propriety of rates applied across sentences types; and the reliability of the systems involved in promoting the billing transactions. In addition, the Group adopted FRES 15, Revenue from Contracts with Contourers, effective January 1, 2018, which involves the application of significant judgment in the assessment of imprecibability of retrospective restrictment on accounting for someotion fees.

Relevant disclosures related to this matter are provided in Notes 1, 2, 5 and 6 to the compilated financial statements.

#### Audit response

We obtained an understanding, evaluated the design and tested the scatterio over the read and hill process, which includes the capture of water communities and calculation of billed from domining of data from the billing system and uploading of data to the Percent Company's financial reporting system. We involved our internal specialist in the testing of the related controls over these processes. We performed test exhaulation of the billiof amounts using the volume of sater consumption and HWSS RG-approved rates and companied them with the amounts reflected in the billing statement.

For the adoption of PTBS 15, we obtained an understanding of the Broup's processes in implementing the new revenus recognition standard. We reviewed the PTTBS 15 adoption papers and amounting pullsion propered by recognize, including revenue stream identification and excepting, and contrast enolysis. For commution from, we obtained an understanding of the process for non-uniter service commutions. We obtained enough seater and sener materials and reviewed whether the accounting policies for commution from appropriately considered requirements of PTRS 15. We also reviewed the leads of imprecisability of retruspositive restatement invoked by energy-materials the requirements of PTRS 15. Accounting Policies, Changes in Accounting Estimates and Errors, and against company and inclustry practices.

#### Aminimum and auticements

The Group in involved in legal proceedings and assuments for load and national torus. This matter is significant to our sufit learness the estimation of the potential Sublity resulting from these tax assessments requires significant judgment by management. The inferent amountainty over the estimate of these tax and high matters is brought about by the differences in the interpretation and implementation of the lase and tax rulings.

The Group's disclarate about provisions and contingencies are included in Note all to the consolidated financial statements.

#### Audit requires

Our smit procedures include, among others, involvement of our tox specialists in reviewing the status of these amountants, the text position of the Parent Company's legal commute on the service of the arguments against the amountants, previous scart decisions, implementing rates and opinious issued by relevant government and regulatory bodies. In saldition, we performed as independent exhaulation of the amount of the provisions and compared this with the outstanding provisions as of year-end.



#### Americation of Kersian Communica Assets Using the Units of production Method

The service nomination exects (824) of the Group in related to its concension agreements. The Broup was units-of-production (827) method in amortizing its 824 based on the actual billed volume over the actinated billable sector volume for the remaining period of the communication agreement. The 807 emortization method is a key such matter as the method involves significant management judgment and estimates, particularly in determining the total estimated billable sector volume over the remaining periods of the acrossolar agreements. It monitors different factors such as population growth, supply and accommplice, and service sowergs, including origining and factors expensions.

lisfer to Note 3 to the consolidated financial statements for the relevent disclosures related to this matter.

#### Audit response

We obtained an understanding of management's processes and scritch in the estimation of billable seater volume. We evaluated the competence, capabilities, and objectivity of management's specialist who estimated the total billable vater volume. We also revised the report of the management's specialist and gained an understanding of the matheology and the besis of comparing the formastud volume. Purthernors, we compared the estimated billable vater volume for the year against the data governed from the billing system. We recalculated the assortion segment for the year besul on the actual billable vater volume.

#### Other Information

Plangement is responsible for the other information. The other information comprises the information included in the SEC Form up-18 (beliefs) information Statement), SEC Form 17-A and Asseul. Support for the year ended Secendary 31, 2018, but does not include the normalidated financial statements and our amiltor's report thereon. The SEC Form 20-B (Unfinitive Information Statement), SEC Form 17-A and Armual Separt for the year unded Committee 31, 2018 are expented to be made available to us after the date of this auditor's report.

Our opinion on the examplificated financial statements does not cover the other information and we will not express any form of assumon combinion thereon.

is numericonside or smiles of the comolished financial statements, our responsibility into real the other information identified show when it becomes evaluate and, in doing us, number whether the other information is materially inconsistent with the comolished financial statements or our knowledge obtained in the surfits, or otherwise appears to be unturinly ministered.

Separat Militim of Personal court from Charged with Constructs for the Constituted Planetal Statements

Hungament is responsible for the proportion and fair presentation of the commistant financial statements in sourchase with FERs, and for such internal numbral as management determines is necessary to enable the proposition of numerical financial statements that are from from material ministatement, whether due to frend or curve.

to propering the consolidated financial statements, reconjuncation responsible for examing the Broup's shifty to continue as a going scenera, disologia, as applicable, matters related to going common and using the going concern leads of exacuting, unless management either intends to liquidate the Group or to some equantions, or has no realistic alternative but to do no.

Those sharged with government are responsible for overseeing the Broup's financial reporting process.

#### Anditor's Empowellikins for the Andit of the Countidated Piracelei, Matematic

Our objectives are to obtain reasonable assumes about whether the associal attention is attenuent as a whole are from material ministers set, whether due to freed or error, and to insue an auditor's report that includes our opinion. Reasonable assumes is a high level of assumes, but is not a generate that an audit conducted in accordance with PSAs will always detect a material ministers set when it which. Principles are arise from freed or error and are associate material if, inclvidually or in the aggregate, they could reasonably be expected to influence the connection decisions of some taken on the basis of time consolidated financial statements.



As part of an audit in assorbance with PSAs, we examine profusional judgment and maintain profusional alepticism throughout the audit. We show

- Identify and assess the risks of material minutatement of the consolidated financial statements, whether due to frend or error, durign and perform audit procedures responsive to those risks, and obtain sufficience that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material minutatement resulting from frend is higher than for one resulting from error, as feard may involve collectus, forging, intentional ordinates, mirropresentations, or the overvide of internal control.
- Obtain an understanding of internal nortrol relevant to the sudit in order to shaigh smilt procedures that are appropriate in
  the simulataness, but not for the purpose of expressing as opinion on the effectiveness of the Group's internal control.
- Beducte the appropriateness of accounting policies used and the rescondingers of accounting artimates and related disclosures made by management.
- Conclude on the appropriateness of management's case of the going concern basis of amounting and, based on the smilt evidence obtained, whether a material uncertainty exists related to events or conditions that may cost significant sloubt on the Broup's shifty to continue as a going common. If we conclude that a national uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to recolly our opinion. Our conclusions we have don't excite evidence obtained up to the date of our suction's report. However, fature avents or conditions may make the Broup to come to continue as a going common.
- Behate the ownell presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transmitters and exents in a resoner that achieves fair presentation.
- Obtain sufficient appropriate such exidence regarding the financial information of the emities or business activities within the Group to express an opinion on the summitted financial statements. We are responsible for the direction, supervision and purformance of the such. We remain solely responsible for our such opinion.

We arranging with those stagged with government regarding, among other matters, the planned scope and timing of the such and significant such faulty, including any significant definitionies in internal control that we identify during our such.

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

The engagement partner on the sudit resulting in this independent suditor's report is Michael C. Sahado.

Michael C. Sabado

Periner

CPA Certificate No. Sympt

SEC Accreditation No. 0884-AR-8 (Broup A), Harch 16, 2017, waid until Harch 1<u>6</u>, 2020

Tra Mertification No. 160-902-865

MR Assectivation No. 08-001998-79-2016,

Referency 26, 2018, valid until Referency 25, 2011

FTE No. 7552607, January 2, 1076, Makati City

February 26, 2019

## MANILA WATER COMPANY, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Generation <u>*</u> 1		
		enty.	
Current Assats			
Cook and mak equivalents (Notes 5, 11 and 16)	Pade - Col +75	Pg.com,y44,m8g	
Brockebles (Rotes 2, 6, 3) and 36)	1,765,434,464	and the same of th	
Concession financial receivables - current portion (Notes 10, 25, 26 and 27)	183,706,165	197,043,608	
Contrast exacts - current position (Motas 2, 6 and 10)	\$2 <sup>4</sup> -147- <b>3</b> 2	-	
inertories (Note y)	100 <u>0, 1</u> 000, 000	260,749,668	
Other correct securis (Notes a secil®)	186,655,661	<b>\_#86_4 t</b> 2,7 <b>t</b> 7	
Total Covert Amelia	12-142-549-841	12,758,785,808	
Harmanneck Associa			
Property, plant and equipment (Notes g and 21)	***********	alyse of the exp	
Borvine sonnession assests - set (Notes to, 21 and 22)		74.160.845.881	
Concession financial receivables - net of surrent portion			
(Nation 2, Yo., 25, 26 and 27)	PCLASS ATT	187,gury\@yq	
Contrast exects - not of current portion (Notes 4, 8 and 10)	450,040,000	- · · -	
invalenta in asculata (Note YI)	Tangaga Agil	8,798,097,268	
Southall (Motory)	198,284,495	Les, year, colle	
Deferred to: essets - set (Note 18)	149144.10	1,000,784,480	
Other necessitions assets (Notes 2, 12, 15, 28 and 27)	4446347444	4440-2774787	
Total Numerout Amets	100,084,574,000	Bolgseglar, LL	
	Pitts Lab. 418 and 4	Pro-35445-8 <sup>5</sup> 6	
UABLITEE ARD EDUTT			
Corest Libilities			
Amounts and other payables (Notes 1s, 21, 22 and 28)	77.660.774.640	Pc.88s.c48.s81	
Short-term dakt (Notes 14, 25 and 28)			
Commit partian ali:			
Long term debt (Notes to, 11, 25 and 28)	L045479.494	4604,027,448	
Barries communion obligations (Notes to, sa, ag, sit and sy)	849,44 <u>6,44</u> 1	800,98 <b>1,8</b> 98	
rocuertus pegabla (Histo 18)	407,227,570	441,002,098	
Total Correct LinkSkins	MAJOR ATRACE	11,798,589,841	
Harmonnet Links him	•	-	
Homerrent cortion of:			
Logi term debt (Notes 14, 11, 25 and 26)	40 140 555 400	er Vereno coll	
tragerous conceptual of all and an incident of the second of and an incident of the second of the se	27246.666.767 7.776.747.488	<u>ar yan</u> 222,008 8,848,744,054	
renden Babilites - aut (Biolo Is)	7, m, m, aga 10 satul. Bod	Cge gadiți Martinicalum	
reconstruction - ma. (mass up) Deferred to: Balditios - ret (Note: W)	100,100,000	417447884	
randras (Acide all)	Constant of the	Bayastrajs rodrasad	
Other nominant Babilities (Notes 16, 35, 38 and 37)	774,774,44	885,984,890 885,984,890	
LANGE COMMON PORT DE CONTROL DE PROPERTO DE PROPERTO DE SERVICIO DE SERVICIO DE LA CONTROL DE CONTROL DECENTROL DE CONTROL DE CONTRO			
Rotal Management LinkSkins. Total LinkSkins.	48.464.644.76	48,085,188,818 64,885,786,680	

(Forest)

		ь.	-

	Commber <u>*</u> 1		
		and y	
جشب			
tiributable to aquity holden of Harila Water Company, Inc.			
Capital atook (Note telp			
Common stock	Ph.684.868.677	#2 <u>,032,886,57</u> 6	
Professor stock	400,000,000	400,000,000	
	4484,865,877	2-428-488-1276	
Arkliticani poid-in angital	450 4440	4.280.608.417	
Bulanciptions remivable	(الخفيلاتور الالور)	(286. <b>0</b> 86.078	
Total paid-up capital	R.Etq.qtq.HB4	B <sub>e</sub> galled No.	
Common stock options outstanding (Note 'rg)	67,744,est	28,700,642	
Botained cernings (Note 1g):			
Appropriated	25,444,000,000	2 <b>1,631,</b> 000,000	
Umpproprietal	**************************************	H <sub>e</sub> phalosy	
Hernensurement gain (leas) on defined benefit place (Moto 16)	(6),490,460)	126/40	
Other equity reserves (Notes 1 and 1g)	14,760,00G	ga, kont. god	
Currelative translation seljustament (Motors a seed 11)	1,484,580,181	Sec. pic. 482	
	19,450,004,124	47.554782.000	
tomorirolling interests (Notes a and 1g)	1,781,445,444	1,005,884,40	
Total Equity	ض 1 <u>.خو</u> قر 166 <u>. غا</u>	48,480,037,490	
	Pith Link Wash	Pub.20445-976	

Der annagengig finten in Consolicited Florenis I Belanseis.

# MANILA WATER COMPANY, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Tears Ended Committee &1		
		and y	2016
OVERVE PEOP CONTEXCO DATA CUITON DO			
Mater (Notes A) and adju			
East Zone	Pit_e18,050,787	Pts, 125, 445, 581	<b>#14,084,768,088</b>
Dutaido Gast Auso	4,644,187,571	الكالم ووالي ومايية	1,000,670,100
Endromental sharges (Notes at each su)	4.775.457.742	ويجير والمرادة	4420,287,289
Server (Martins of send oxy):			
East Zone	945.545.571	200, <u>1900,</u> 200,	225,0000,000
Dutaido Fast Auso	172, 546, <u>18</u> 6	228,012,845	18048984816
Ther operating immore (Notes 17, 2) and 24)	1,654,750,465	<b>\</b>	1,927,674,654
	19,854,498,464	18,5%,772,280	ty,ytt.gtt.toy
Separatistica and anortization (Notes g and to)	1,000,7 <u>2</u> 0,447	2,20 <b>6,032,93</b> 6	a,sati,gaa,ilay
Namer, Light and water (Note of)	1410-104-564	1,186,198,711	820/000/400
Maries, wages and employee branchts (Notes 15, 10 and 11)	1,002,002,347	ranger garding	Leisari, 24
lepika sali makatanan	## PET ##4	270-544-004	Marian Inches
Contracted agreement	201.201.204	216.447.411	200 B. 1077 B. 1077
Plangement, tentrical and professional foor (Note 21)		205,055,048	NEXT YES LEVE
Miter treatment chaminals	**************************************	107/108 <u>248</u>	St. Sep. Sur
legistatory mosts (Moles 1)	**************************************	igi.Ng.ngs	tylencos)
Makantu ook	120.000.746	Magazine	ion Book and
tractization of sater earlies compations	772,544,121	190,240,240	184,781,874
in the state of th	164,641	Hougasta	119,708,000
Cost of peckaged seater (Moto y)	767,5 <sub>65</sub> ,1 <sub>56</sub>	111,840,988	69,741,043
Consumery contr. (Notes ay and ry)	#.#*A.Tr	-gc-408,00g	9E-0 <sup>2</sup> 0-077
The expenses	474,445,425	252,603,481	1.03,869.034
	Page 1944	der control	6.360,635.970
	16,000,000,000	H.Squ,ylo,yu4	11,554,015,197
CARRAGO COLORES (1997 A)	<b>生物社工厂工程</b>	anderage helb	2,677,721,663
N COME ENTOIS STREET SECONE (COMEMIN)	2144444	8 <u>.00<b>5.000.</b>87</u> 7	8,6 <u>13,486</u> ,486
THE SICORS (STUDIES)			
tenume from reliabilitation works (Notes 1, 2, 8 and to)	2,481, g/4,863	11,855,155,051	8,804,308,877
2net of reliabilitation works (Notes 1, 2, 8 and 10)	(4.00, 61.00)	(16072-1876)	(8,804,808,877)
interest expense (Notes 14 and 17)	(1,781,244,244)	(Leonardatio)	(1,428,206,866)
Equity share in cert income of accomiston (Moto 11)	Harr, Leit, Athl	457,2000,014	6 <b>00</b> ,600 <u>,684</u>
interest income (Nate 17)	ALTERNATION.	345,787,788	Mary Tool Miles
Foreign currency differentials (Note 1)	1,500,615,655	153454-045	ygilaM,olg
Randigh earthunge kommu	[1,963 <u>.500</u> .421]	(NEW-BOX-BAY)	(yea, yang, seni)
Sain on disposal of property and equipment - net	فنخفي والمالا	<b>15.000.00</b> 0	#.17 <u>#</u> .007
vnortization of defenced weekle (Note 16)	76 <u>.616</u> .604	<b>United Series</b>	6-814.745.
Other income - set (Notes 4, p. 11 and 17)	16,794,794	E-DY\SD7	<b>98,895,195</b>
	(40£144.0 <b>7</b> \$	(616,617,718)	(7°8-8°8-084)
	E, ETTLAND, ARE	6,081,838,333	XIII O O O O O O O O O O O O O O O O O O
NOW MORE RESIDENCE.			
N COME EMPORE PACINE TAX PERMENIN PER DECEMBERA (Male 12)	149446344	1.80.800.572	Lyelayese

(Remark)

	Years Ended Committee (1)		
	wit	soly	sunti B
OTHER COMPREHENSIVE SECONE (LOSS)			
Other comprehensive income to be recipiedled to prefit and loss			
in automporat pariada			
Consistive translation and extenses (Note 11)	P\$\$4-073-073	Paril, 480, 182	Politic projecti
Other comprehensive income (fem) not to be recipiedled to profit or			
ine in action point periode			
Actuariel gain (loss) on possion liabilities - not (Note 1g)	(LLAGRAGE)	(gy. <b>tg/.4</b> 00)	<b>187,080,800</b>
innume tox effect (Note 18)	(4.16m.sell)	86 <sub>4</sub> 960	(1,155,48)
	(المعبينة وال	(S\$315,440)	186.887.887
TOTAL COPPENSIONS IN COPE	PJ,100_E07,484	P6,1g2,1ac,4mp	P6,681,4754408
Nat income (loss) attributable to:			
Equity incidens of Hunda Water Company, Irw.	PH	#5,145,608,gty	Pilane, works
Reneastrating interests (Note 1)	111,000,000	(8,680,650)	121,78 <u>9.</u> 005
	PR_R4E,636,731	P6,1ea.agy,867	45,186 <u>,4</u> 89,880
Total sursprehensive income attributable to:			
Equity incidens of Hunda Water Company, Iro.	P4_207,4q2_2q2	POLYMENT IN	P6_038,209_749
Reneastrating interests (bloke 1)	710,840,714	(Separate)	120,200,000
	PJ.100_E07_E04	P6,182,120,409	P6,661,4754,405
Burningh per Bhurn (Note su)			
Not income attributable to annuan equity holders of			
Phonic Water Company, Irox			
Facility	Phila	Pa.48	<b>62.45</b>

Pa.48

Der annengenglag Neber im Consolicitud (Amerika) Betweente.

أساطات

# MANILA WATER COMPANY, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	ı	Torre Bridei Comm	<del>tr</del> j
	5412	acity	senti B
ATTRIBUTABLE TO EQUITY HOUSE OF			
HAN LA THITTEL CON PART, INC.			
SAPITAL BIOCE (Note 1g)			
2mmen stork - Pi per viden Anthorizad - 3, toxy,000,000 sharen			
hand and outstanding - 2,030,752,550 in 2016, 2,066,067,122 in 2017 and 2,034,554,050 in 2018		Do cod calle has	Pa,034,934,090
Subscribed common stock - 54,507,527 in 2018, 27,583,454 planes	Philadelphia	Pa,008,087,122	sering Salary
in sofy and s8,750,488 shares in sof6			
Balance at beginning of year	والمراجعات اللاف	nD na. a <b>18</b> 0	
Additions	17.E11.4E4	28,782,4 <b>5</b> 8	25.457.062
hanne of shares	14,4mb (first (4,495, min)		Oli von a coloria
Balance at and of year		(//25/052)	(8,704±67)
Balance at and dryour	34,147,427	<b>7.00.464</b>	#8,787.486
Professed stack - Paulo per value, 10% associative, valing	1,484,8 <u>11,</u> 877	A_COSS_8888_878	2,023,865,275
· · · · · · · · · · · · · · · · · · ·			
pertialpating, nowade-makie and sonor-eartifie Authorizat, install, and outstanding - 4,000,000,000 shares			
variations' annual and primariting - 4000/1000/1000 annual	444,444,444	400,000,000	400,000,000
	0,4E4,365,677	2,452,688,576	2,42,886,76
ACESTERIAL PAID-IN CAPITAL (Natio 1g)			
nations at bugining of your	4,000,000,477	4,231,710,982	41800A85
Ark Stican	MIT LANGE	6.785.485	28,890,007
Name at and of year		4.200.End.417	ملاوردان احجيد
PARTICULAR SECTION OF THE (Note 19)	#		
Name at bugining of your	(415.4 <u>44.274)</u>	(#1 <u>8.227,846)</u>	(84A-07JEE)
Addition	(mg,gag,164)		
Collections	<u> </u>	PALESTA PER	26,780,067
Name at and of your	(418,452,454)	(2006-600-67g)	(4) (5) (4) (4) (4) (4) (4) (4) (4) (4) (4) (4
COMPANIE ETOCZ. OFTICHE OUTSTMANDER (Nobe 1g)			
Takene at buforing of your	22,700,800	ag <sub>a</sub> gag <sub>a</sub> aso	30,818,83g
Cost of share-hand proment	10. p. 10. p. 10.	1s,tyo,8ty	38.196.844
Percentino d		(8.785- <b>92</b> 6)	( <b>28,890,007</b> )
Name at out of year	61.744.mat	#8,700,fb2	25, 845, 280
			<del></del>
ESTABLES EARNESEE (Make 1g)			
Appropriates to the control of the c			
Balance at bujirning of your	92,0 <sub>9</sub> 0,000,000	3/,000/00000	_
Appropriations	2,742,000,000	7.88g/mm/0000	3f*,000'mmr'cmu
Balance at and of year	20,444,000,000		24,100,0000,000
Unequeristado			
Balance at beginning of year	فيخيخ <del>الة بالذي</del> 17	's_con_gig_tgl	er tarrégo-gas
Ret innune		6,146,608,817	والمحوالية
Appropriations	(2,742,000,000)	(7.885,000,000)	•
Diddenis desired		(Biller georgester)	(2,085118,488)
Balance at said of year	اغينوغياني لايغ	M*4mg*aga*a4a	(C000016)
	44,424,884,848	<del>40104,010,040</del>	#8,100,58g,16f

(Remark)

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	<u> </u>		
		acity	20016B
сочение помент вын (секо) он вен ино исмент гъми (Maio 16)			
Indexes at buginning of your	PLACIALI	P80,172,6 <sub>88</sub>	(Planathauth
Autominigain (loss) on ponsion liabilities - act	(44 442-444)	(68,487,800)	<b>10</b> 7,080,600
hacene lac effect	ACMATTING	gm8,758	(2. <b>672.</b> 824)
Inhane at end of year	(27,422,444)	8,363,661	80,812 <b>,8</b> 5
ones square sections (total tend to)			
Indexes at Implicating of your	ig 160, gail	64 <b>, 1081,</b> 8106	7.000,000
Sain on dilution of noncontrolling interest	_	_	<b>45,605,80</b> 6
falance at end of year	<u>Lq100,mb</u> L	94°, pogr'8108	Physical
ELMEA JITME TEAMER JITTON AS JANETHUMT			
(Notes a seed 11)			
Takene at bujirning of your	فالمرضان إوا	787,482,820	485,680,088
Other comprehensive immune	24.079.079	<b>1000,4800,18</b> 0	. <b>188</b> ,999,940
National and of year	1,460 <u>,54</u> 6,181	8 <b>95,910,4</b> 82	787 <u>. 422,80</u> 0
NONCONTEXALLING INTEXESTE (Makes 1, 2 and 16)			
Indexes at Inglaning of your	افہبہالی اشترا	997, #84,978	894274888
Art Stiene	14,454,07	14,004,458	26,647,250
terreneverrent gain en definad bemaik plans -			
act of involve top allow	1.544,454	Logo,Bins	1,500,650
there in not income (low)	171 <u>.99</u> 0,05 <u>0</u>	(8,680,660)	121,759,005
Law on Mulion of surrountrolling interests (Note tg)	_		<b>(45,605,90</b> 5
Takenest and of year	1/2/14/7/454	ادوبية والمساد	887),284,876
	FEEL Birt, Ages, Type	Papili, pilos, Bays, apra	

Eur annungstyfej Neter in Consolidated Houseki Belanneis.

# MANILA WATER COMPANY, INC. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF CASH FLOWS

	<u> </u>	Terror Review & Characteris	her #1
	MIL	зоłу	Since
CARN PLOUR FROM OPERATING ACTIVITIES			
hanno beliaro hanna tra	PR, STLAND, ARE.	P6,06%,898,999	Properties
Adiastruenta forz	<del></del>		- [1-0-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1-1
Depreciation and exercise (Notes g and Ye)	2,000,000,000 o	2,456,966,858	2865.00.00
laterant expenses (Nation by sent by)	1,783,205,500	\_cou_cou_tho	1,483,208,888
Equity share in net impone of ampointer (Note Yr)	(Ben.Let.464)	(مادر المحر (مورد)	GATE SEGRADA
leterat imono (Note ty)	(471, 224, 472)	Ben are see	(2077, 120, 484
imperment lower (Notes g and 11)	the Mc nex		
Bain on bacquin purchase (Note 4)	44.7(3.500)	(SALDONA)	_
Persion expense, contribution and bounds		-1- 1-1 0	
payment - mit (Auto 1g)	\$5,000,T0	99.780.480	(E.478,BOT)
Bain on disposal of property and equipment - set	(Magazini)	(Gaseano)	(4,179,4307)
Share-bessel pergramate (Noter ty)		ia,iya,8iy	20.100.04
Assortization of deformal armifts (Note 18)	(Marcacana)	(Nata 2017)	(S-F4-746)
Operating imone before sharges in operating exects and liabilities	10,454,470,482	H,228,017,028	Y1,618,600,600
Changes in operating exects and Sublities:			
Constant (formats) for			
Penelvables	(and an emb	882-828-442	(gry, goa, sta)
Contract exects	(477.638.744)		
investuries	4.200.007	(44,170,700)	10,457,500
Service apposation exects	(3,143,346,464)	(loage, restir)	(7,091,012,111)
Concession financial prochedia	197,044,842	2,357,60	Landon Mili
Other secret seeds	(No. 10 and 10 a	<b>WIL</b> 652.386	(408,8L4,788)
terrance (floorenes) in accounts and other psychies	THE CITY OF	86374397	E-17, 966, 197)
Nut cash provided by operations	Challenade	1.024.006.006	8,278,898,098
hanne ha mid	(Logical Control	(Lotta, spi, 702)	(A-880s-890s-7904)
Not cash provided by (med in) operating activities	1,440,132,047	0 souste Bird	Laffe many 194
		1-1 17	
CAIN PLOUD FROM INVESTIG ACTIVITIES			
Anguistian at			
twentrumts in amodulus (Notes 1 and 11)	(8,871,444,184) 41 - 12 - 12 - 12 - 12 - 12 - 12 - 12 -	(208°,201°431)	
Property, plant and equipment (Note 5)	(1202CD-420)	() 'alan alan lako)	(846.758.494)
Division de received from nanominion (Note 11)	475.275.777	MC-CA4-948	100.005.700
	6 <b>76.944,54</b> 3	167-5 <sup>2</sup> 6-265	108.617.68
Consideration paid for business combination (Note 1)		(Motofragg)	_
Proceeds from sale of property and equipment	61,180 <u>,644</u>	9/ <b>HP</b> 202	<u>n, 8a7, 3a8</u> g.
Socresse (incresse) in other somewhat seems (Note to)	-	(A 107), 1856-1857)	(بواليووليوو)
Nat cost seed in inventing activities		(2,371,0731,638)	والكرداور مروزا

(Rossed)


	1000 0000 0000 20			
	9412	aniy	2016	
CASH PLOWS FROM RIMANICHE ACTIVITIES				
Processin from the configurate of (Note 14):				
Short-term debt	P2,014,465,148	<b>P</b> -	-	
Lang-turm delit	اجهاري فيالية	te quit gift mo	2,00 <u>5,600,000</u>	
Payments of:		•	•	
Long-turn delt (Note Wit	(CAMB, 400 B, 400)	(347734781.686)	(8,8m,6m,7m)	
Service concession obligation (Note to)	(mil. Tip.etm)	(778, <b>510,484</b> )	(0.048-773-888)	
Dividendo (Note 18)	(ANTAPLAN)	(a,tex.gog.288)	(2,085118,488)	
	(Lightent line)	(Less, cass, 464)	(Lity,ety,ego)	
Collection of subscriptions remisable (Note 1g)	70.447.744	COLUMN 455	26,790,067	
terrence (decreace) in other noncement liabilities	104.71th, 1644	(4,854,806)	198,686,147	
Additions to noncostrolling interest (Note 1)	14,454,517	14,0004,400	35,647,250	
Not cash provided by (media) financing with the	C 1951/407/47社	Z-fills fills and the	(Easteran)	
нет виспечен (пислечия) ви слен лис слен водитилента	359,245,184	4.000.048.0 <sup>8</sup> 7	(2,7 <sup>2</sup> 4,225,057)	
CARL AND CARL EQUIVALENTS AT BEDSHIE HG OF TEAS.	والفريم الخففيو	4,085,700,122	6,545,655,678	
CASH AND CASH EQUIVALENTS AT EDG OF TIPLE				
(Moto 5)	Padro-Call Att	As constraint upon	#4 offs.yoodaa	

See accompanying Nation to Commissional Sections in .

## MANILA WATER COMPANY, INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

#### 1. Coperate information

Hardin Water Company, Inc. (the Parent Company) was immerciated on Jamery 8, 1987 with remaining emporate life of transfering (approximate the Parent Company started commercial operations on Jamery 1, 2000). It became a publishy listed company via an initial public officing on Harch 16, 2009. As of Securator 81, 2018, the Parent Company is 41,83% camed by Apala Company in a publishy listed company which is 42,04% cased by Perman, inc. and the rest by the public. The Parent Company and its subsidiaries (collectively referred to as the Scoup) are immerciated to provide water, integrated und mater, screenings and maintains, distribution services, pipersonic and management services.

#### Present Communications and Activious of Incommunities

On March 1, 2018, the Board of Directors (NCD) approved the following:

- accordance of the Percet Company's Articles of Europeantion to contain the gos.com will be common shares from
  the pre-coupling rights of existing stoublokken, and audomed the sold ancestraint for approval by the
  stoubholders; and
- allowers and subsequent increase of up to gonzoo willion norman above for the purpose of embarging such shows for exects and/or rebring funds to acquire assets needed for the luminous of the Parist Company.

On April 18, 2018, the stockholders of the Parent Company approved the amendment of the Severth Article of the Articles of Incorporation to except from pre-cruptive rights genue or million uninsual summon shares ("conveil-out shares") which are reserved or allowed for insurance in one or more transactions or offerings, (f) for properties or assets needed for the business of the Parent Company, or (ii) for match to acquire properties or assets needed for the luminose of the Parent Company. The insurance of all or any of the surved-out shares show not require the approval of stockholders.

The Perent Company's principal place of luminous is at the HWSS Administration Building, 48g Estipunes Bond, Balara, Quazan City.

The contributed financial statements acceptive the financial statements of the Poent Company and the following:

	Country of I compare then used Place of Stantons	Effective Personagies of Connection		
		<b>₩1</b> £	20 lý	
Harolla Water Total Solutions Corp. (FWTS)	rhilippines	700.0	1000.0	
Calanina Water Company, Inc. (Calanina Water)	-da-		8070	
Hamila Water Asia Pasilio Pie. Ltd. (1999AF)	<del>Maja</del> para	100.0	100.0	
Marile Water South Aris Holdings Pos. Ltd. (MWSAH)	-da-	100.0	100.0	
Asia Water Universit Staketions Joint Street Company				
(Ania Webs)*	Wetners	<b>89</b> -∎	87.8	
The Dan Water Holdings Ples. Ltd. (TDWH)	<del>lingis</del> pasa	100.0	100.0	
Earth Doug Water Holdings Ple. Ltd. (KIPWH)	-dio-	100.0	100.0	
Marile Water Theiland Holdings Ples. Urd. (HWTH)?	-de-	100.0	100.0	
Marile Water (Thelland) Co., Url. (MWTC)*	Theiland	100.0	-	
Marila Broth East Asia Water Holdings Pos. Utl. (HSEA)*	<del>lingi para</del>	100.0	100.0	
PT Marila Water Indonesia (FTMW)*	indo arada.	100.0	_	
Hanila Water Philippine Ventures, Inc. (1997V)	th Lippines	100.0	100.0	
Lagina AAAWater Corporation (Lagina Water)	-dao-	74.0	70.0	
Clark Water Corporation (Clark Water)	-do-	100.0	100.0	
Rossey Island Water Company, Irst. (Rossey Water)	-de-	-	80x0	

(Romani)

	Country of Immersion and	Effective Personagies of Community		
	Place of Statemen	MILE	2017	
Alipina Water Holdings Corp. (Alipina Water) <sup>a</sup>	-de-	100.0	100.0	
Obersio Water Company, Ins. (Obersio Water)	-da-	20.0	8070	
Bulaken Water Company, Iro. (Bulaken Water)	-do-	-	-	
Hadis Water Cornection, Inc. (1917 Cornection)	-da-	67.4	67.2	
Celru Marila Water Bosekopraent, Inc.		-	-	
(Cabu Water) <sup>2</sup>	Philippines	48-4	404	
Sevan del Rorte Water Infrastructura Company, Inc.				
(Clevec Webs)	-do-	67.0	ميلج	
Taglara Water Company, Inc. (Taglara Water)*	-dio-	45.0	45-8	
Bulanan MWPV Bevelopment Corp. (MPEE)	-do-	100.0	100.0	
Agua Centro MATA Corp. (Agua Centro)	-do-	100.0	100.0	
Marile Water International Solutions, Inc. (1998)	-dao-	100.0	100.0	
Excitator HWPV Corp. (Excitator)	-dao-	100.0	_	
Laytu Water Company, Iro. (Leyto Water)	-do-	100.0	_	
Zambonegis Water Company, Inc. (Zambourge Water)	-do-	74.0	70.0	

<sup>&</sup>quot;Ada Malar ing could created by Balgor Malar industrations Corporation playing Mater) and 40,50% created by AMEAN.

AMEAN Facilitation communicates below Malar in 67,87% and Communicates, on 6 and

Union attenuise indicated, the Philippines is the primipal plans of business and country of improvation of the Broup's inventorants in substitution.

#### Investments in HW B. Bewe Water, and Zarakounga Water

On Ontolory, 2017, the ICEO approved the min of the Percet Company's shareholdings in PANE to PANEY.

On Becomber 26, unity, the Permit Company committed a Danil of Absolute Sale of Shares and Reservables to HWFV for the transfer of a good, once normal relatives of HWHS and musicables from HWHS.

On May 25, 2018, the Percet Company and to PRWPY its 785,000 acrosson shares of Devec Water comprising approximately 57% of Devec Water's outstanding approximately in marking to Py5,67 million.

On July 2, 2018, the Perset Company and to HWPV its Agg.occu someton shares of Zambourgs Water comprising approximately york of Zambourgs Water's outstanding applical stock in consideration for Pag.81 million.

#### Parent Company's Concession Agreement with Matropolitan Waterworks and Successio System (18988).

On February 21, 1937, the Percet Company entered into a Communion Agreement (the Domession Agreement) with HW88, a government corporation organized and mining pursuant to Expedite Act (EA) No. 6234, as amended, with respect to the HW88 East Zone (East Zone). The Communion Agreement sets forth the rights and obligations of the Percet Company throughout a beauty-five (ag)-year amendion period. The HW88 Regulatory Office (HW88-RC) auxiliary and reviews the purformance of each of the Concemionaires — the Percet Company and Hayrilad Water Services, Inc. (Hayrilad), the West Zone Communication.

Consider 51, may by drive of \$255,5976 constraints between to Delptor Wales.

<sup>&</sup>quot;Proximaly council Hardin Plater Indonesia (Intelligia Plac Lief.

<sup>&</sup>quot;HATC was been product on Palestry in , and early made count by HATCH.

<sup>&</sup>quot;Proximity manual North West of Bulgar Heidings Fig. 134.

<sup>\*</sup>FORTH is been presented on Paternery 1, and and is 19,000% owned by PEGA and 5 notify council by a disenter of FORTH whose community has been plurifying to PEGA.

<sup>&</sup>quot;Rentanty count Chards Water Countition Holdings Corp. All plane Water Inquies November for Natural Company and State November 1999.

<sup>&</sup>quot;Cake Water in you, This countily AM Councilies. ANNY's attaches occurrily between its Cake Water is 40,55% by vision of its grant's councily interest in AM Councilies.

<sup>\*</sup>Tagino Maior Congrey İnganos Vi consolly the Dano Mater. ANIC'h edindre leinant le Tagino Maior le 45,900 by strine et las saeth consorbly leinant le Dano Maior.

Under the Comemion Agreement, MWSS greats the Pernet Company (as contractor to perform certain functions and as agent for the curraine of certain rights and powers under RA Ro. Seg.) the sale right to manage, operate, repair, describation, and refertials all fixed and movable causts (accept sertain retained seasts) required to provide unter delivery and seasongs services in the Seat Zone for a period of twenty five (a) years summercing on August 1, tegry (the Communicated Bata) up to Hay 8, accept the Espiration Pate) or the early termination data as the one may be. While the Percet Company has the right to manage, operate, mysic, and refurbish specified HWSS facilities in the East Zone, high title to these assets remains with HWSS. The legal title to all fixed easets matributed to the mixing HWSS system by the Percet Company during the Concession remains with the Percet Company small the Expiration Pate (or until the early termination date) at which time all rights, titles and interest in much search will extensionly year in HWSS.

On Commencement Date, the Parent Company officially took over the operations of the East Zone and misbilitation works for the service arm commenced immediately thereafter. As provided in the Parent Company's project plans, operational commercial superity has been obtained upon substantial completion of the misbilitation work.

Under the Committee Agreement, the Perent Company is settled to the following rate adjustments:

- arreal standard rate adjustment to components for immunos in the Consumer Price Index (CPI);
- b. extraordinary price adjustment (EPA) to account for the financial consequences of the occurrence of certain uniformers events stipulated in the Concession Agreement;
- c. foreign currency differential adjustment (FCIIA) to remove foreign coolings boson, including sources and corrying much thereof orbing from PARCE loans and any Dominicative boson and for applied expanditures and concernion fee payments, in accordance with the provisions set forth in Americans No. 1 of the Concernion Agreement detail Dottober to, 2001 from Notes a, to and Life and
- Rebuing Convergence Adjustment for the purposes of minutaing the Batus Adjustment Limit for each of the five Charging Years of the Robering Period distormined insect on the following:
  - where the Embasing Adjustment is found to be positive, the Bebesing Convergence Adjustment for the first Clarging Year of the Bate Rebusing Period shall be exped to the Embasing Adjustment, and the Embasing Convergence Adjustment for each of the following four (g) Charging Years shall be zero; and
  - where the Enhance Adjustment is found to be negative, the Rebusing Adjustment for each of the five (g).
     Charging Vanes of the Robusing Period shall be equal to the Rebusing Adjustment divided by five (g).

These rate adjustments are subject to a rate adjustment limit which is equivalent to the sum of CET published in the Philippines, EPA and Releasing Convergence Adjustment as defined in the Concession Agreement. The Concession Agreement also provides a general rate setting policy for rates along public by the Parent Company for order and sourcege services as follows:

- For the period through the second Rate Robering data (January 1, 2008), the maximum rates chargeable by the Perent Company (addject to interior adjustments) are set out in the Communics Agreement; and,
- b. From and after the second Bate Rebeauty date, the rates for water and seconds shall be set at a level that sall permit the Parant Company to remover, over the tracety five (a)-year term of the announced, its investment including operating, capital maintenance and investment incurred, Philippine business trace and payments sucreasurable; to debt service on MWSS loans and the Parent Company's loans insured to finance such expenditures, and to case a rate of return equal to the appropriate discount rate (ABH) on these expenditures for the remaining term of the commandor.

The remineur rates shargesble for such sector and ensuring services shall be subject to general adjustment at five-year intervals constraining on the second flata Releasing date, provided that the MWSS-RO may exercise its dissection to make a general adjustment of such rates.

On April 16, 2009, the MANSE Board of Tractices (MANSE BER) passed Basolition No. 2009-072 approving the lifteen (hi) year extension of the Communium Agramment (the Extension) from May 7, 2021 to May 6, 2027. This resolution was confirmed by the Department of Finness (SOF), by authority from the Office of the President of the Republic of the Philippines, on Colober 19, 2008. The significant commitments under the Extension folios:

 To mitigate tariff increases such that there will be reclamical of the behance of the approved 2008 rebeard tariff by 66%, zero increase of the robernal tariff in 2009 and a 41.00 increase for years 2010 to 2018, subject to CPI and FIZSA adjustments.

- To immuse the since in the current quanting budget support to MWSB by 100% as part of the commutae fear starting soog.
- To immisse the total investments from the approval PRSy.co Million for the puriods 2008 to 2022 to Passaco Million for social to 2039.

With the approved of the Esternion, the renovery period for the Perest Company's investment has been extended by auction (Reno (16) years from 2022 to 2027.

is Narch arts, the Perest Company submitted to HWSS a business plan embodying its rate rebesing proposals for charging year 2015. The rate releasing activity is done every five (g) years. HWSS annihilated a review of the proposal including the Perest Company's last five (g) years' financial performance. The financial review process extended up to the third quarter of acts. On September to, 2015, the HWSS-RCI insual Resolution No. 15-03-CA providing for a negative rate releasing adjustment of 28,47% on the Perest Company's acts everage basic value rate of 824,57 per cubic materials in the (g) equal transfers of negative 5.854% per also players. The Perest Company objected to HWSS' late Rebesing determination and formally filled its Dispute Notice on September 24, acts, before a duly-constituted Appeals Perest, commonly the arbitration process, as provided under September 14, for relation to September 24, of the Concession Agreement's.

On Benerator to, surje, the MWSS MIT, through MWSS-RD Benefition bin. 1g-ote CA, approved the implementation of a statusque for the Perent Company's Standard Bates including FESA until such time that the Appenis Penel has rendered a final exactly on the sorte Bate Behaving determination.

On April 21, 2015, the Permit Company remixed the final exert of the Appeals Pend in the arbitration which final exact included the following tariff companyed determination:

- Past billion Opening Cash Position (UCP) which restored PALO billion from the September and CCP determination of 1998s of Pty. 1 billion;
- Pigg.8 billion asphal expenditures and concernion from which restores Paga; billion from the September acts fature aspital and communion for expenditure of Paya.1 billion;
- 7.87% Appropriate Chromat Rate (ASS) which was an improvement of ye bye from the post-tax ACR of 6.82% in September 2019; and
- d. exclusion of surposete income too from each flow legitiving Jerussy 1, 2015.

Consequently, the final second resulted in a rate robusing adjustment for the period soft to softy of negative YADE's on the softs had a second on the softs and a resulted of Pa, 17 per cubic mater from the tariff during the intervening years before the softs rate robusing. Assual, CPI adjustments and the quarterly PCSA will, continue to be made consistent with the Parent Company's Concession Agreement with 1997S.

On Explanation 17, 2018, the MWSS BUT (MWSS Resolution No. 2018-145-BU) approved the Parent Company's Enhanting Adjustment for the Fifth Rate Enhanting Parind (2018 to 2022) as renounceded by the MWSS-RCI (MWSS-RCI Resolution No. 2018-10-CA). To miligate the impact on the tariff of its outcomes, the Parent Company shall stagger its implementation over 4 five-year period. The first transfer took effect on Children 16, 2018.

On Beneraber 15, 2018, the PRMSS NOT (NAMSS Resolution No. 2018-190-103) approved the Perset Company's implementation of the 5,70% CPI Adjustment to be applied to the 2018 average basis charge of Pass.g8 per cubic senter and the 2,82% FCEA to be applied to the 2019-everage basis charge. These adjustments are resonanceded by the PRMSS-RO (NAMS-RO Resolution No. 2018-10-CA) and shall take effect on Justice 15.

Artification under the United Atalone Commission on International Trade Law (UNCITAL) Actor (1979)
On April 23, 2015, the Parent Company served to the Republic of the Philippines (the "Republic"), through the RCF, its Notion of Claim demanding that the Republic indexedly the Percent Company in accordance with the indexedly clauses in the Republic's Letter Undertaking dated July 21, 1987 and Letter Undertaking dated Colober 18, 2008. At present, the arbitration case remains pureling.

FESSA
The HW88 EET approves the FCBA quasterly. The FCBA has no impact on the not improve of the Parent Company, as the same
is a recovery or referred menhanism of foreign mechange leases or gains. The following FCBA adjustments and their related
foreign mechange hasis took effect in 2018 to 2018.

Approval Date	Elfactiva Date	REA	Romigio Eschangio Rate Busis
Harah 10, 1016	April 1, 2016	Pazas per subio rester	UMBit Appel / PYtt Poops
June 14, acris	July 1, 2016	#0.25 per authio renter	UNITE PARISO / JPVI: Pouge
April 6, soty	April 22, 2017	Po.5g per authio mater	USETE AUGUST / JPYTE POLEY
July 27, 2017	August to sorry	Po.gy per aubio rantes	UBDit: Augu 26 / JPVit: Poluge
September 14, 2017	Cotober 1, 2017	PLS per subformater	USUTO PSCARLY / JPYRT POLIS
Boografier 18, 2017	January 1, mot6	Po.6g per subformator	USDIC PERLON / JPYIC POLIS
Planck to, motif	April 1, sons	Page per aubio mater	USDI: Pgs.gl / JPYI: Ps.48
June 14, mill	July 1, moral	Pugli per entrio menter	USDI: Pgado / JPVI: Po. 48
September 14, actil	Databar 1, mate	FLg8 per subformater	DEDIC POLICE / JPYIC POLICE
Deparation to Just 8	January L. auto	Pove per subje mater	USDITE GOLDA / JPYTE GOLDS

There were no FESA adjustments for the third and fourth quarters of 2018 and for the first quarter of 2019 due to the warmanine in the MWSS BUT, resulting in a look of quarters recessary for the approval of any MWSS-RU resolution, including the RESA.

#### Legium Water's Concession Agreement with the Provincial Scorement of Legium (PSI).

On April 9, 2002, Legina Water entered into a concenion agreement (as anomical on Parch 51, 2004, July 22, 2003, and June 30, 2015) with PSL, a bund government unit originized and entering under Philippine Lace.

Under the terms of the concession agreement, FSL grants Legium Water (as nontrastor and an agent for the coordin of certain rights in Legium) the sole and exclusive right and dissection during the nonumber period to manage, coupy, operate, require, maintain, described and existibility the identified facilities required to provide unter services to specific areas for an operational period of teenty-five (g) years which commenced on October 20, 2004.

While Legion Water has the right to manage, compy, operate, repair, resistain, decommission and refurbish specified PEL facilities, legislitie to those seach remains with PEL. Legislitie to all amote proximal by Legion. Water in the performance of its obligations under the agreement remains with Legion. Water and shall not pear to PEL until the end of the concession period at which time, Legion. Water will transfer, or little concessing its vested in another posters, cause the transfer to PEL. Legion. Water has the emission rights to provide vater services in the service areas specified in the concession agreement. Concession form act forth in the concession agreement are computed as a percentage of revenue from water services (see little to).

Severty present (10%) of the renormien few are applied against any advancements by Lagues Water to PSL. The remaining thirty percent (10%) of the communion few are psychle servally thirty (10) days after the submission of the audited financial statements by Lagues Water, from the start of the operational period.

On June 30, 2015, Lagina. Water and the PSL eighed an amendment to the noncession agreement which expends the communication was to cover all sides and municipalities in the province of Lagina, as well as the service obligation to include the provision of sentences services and the actabilishment of an integrated sense; and septage system in the province.

is commution with the amendment to the concession agreement, the Bangguriang Bayes of the reunisipality of Calausa, Lagure approved the resolution allowing Lagure Water to provide unter and westeranter services to the nourisipality of Calausa. The provision of services by Lagure Water in the reunisipality of Calausa is being implemented in phases, with full coverage of the area targeted by the first quarter of 2020.

Purthermore, the momentum period's commencement slate area enranded to mome the later of either: (f) three (g) years from the takeover date (i.e., Dotober so, some); or (f) evaluant by at least 25,000 customers of the services (i.e., September 30, 2010). The concession period is decreal to have commenced on September 30, 2010 and shall said on September 30, 2015.

On August 25, 2017, the Bangglading Reyne of Victoria, Leguna, has approved the inclusion of its municipality within the survice arms of Leguna Water. On May 2, 2016, the normalism agreement was arounded to include the approval of Breiten mental Clarge amounting to transfy percent (20%) of the union tariff for anotherator services, deskudging normals, and other environmental-related mode which was implemented on Suptember 22, 2016.

Legium Water implemented a tariff adjustment of York on Becoming 1, 2018.

Horney Webs's Committee Agents of the Tourism Infrastructure and Enterprise Zone Anthority (TEZA).

On Securitor 17, 2009, Romany Water entered into a concernion agreement with TEZA, formerly Philippine Tourism Authority (PTA). The communication agreement sets forth the rigids and obligations of Romany Water as communicative throughout a transity five (25)-year concernion period. TEZA Regislatory Office (TEZA-EU) will recritor and review the performance of the concernionalies throughout the someonion period.

Under the communicate agreement, TEZA greats Bornony Water the sole right to manage, operate, repair, denormalisates, and refertish all fixed and recyclic smots (except metals retained sames) required to provide unter delivery and senses go survices to the entire Bornous taland for a period of twenty-five (ag) years commencing on Jummy 1, acto with Denomber 21, acqs, or the early termination date as the case may be. The legisl title to all fixed assets contributed to the mining TEZA system by Bornous Water change the communicate remains with Bornous Water until the expiration date (or the only termination date) at which time all rights, titles and interest in much sames will automatically wat in TEZA.

On Jamesry 1, note, Bursony Weter officially took ever the operations of the service area. Echabilitation works for the service area summercood immediately thereafter. As provided in Bursony Weter's project plans, operational commercial expecity will. In all also open completion of the rehabilitation works.

Under its commaion agreement, Rossnay Water is artified to the following rate adjustments:

- arreal standard rate adjustment to compensate for immedia in the consumer CPt;
- EPA to account for the financial consequence of the occurrence of certain unforced events stipulated in the concession agreement; and
- FESA to neavor funds each args leave including secrets and surrying costs thereof whing from TIEA loans and
  any loans mod for supital separations and second for payments (see Rober 2, 10 and 14).

These rate adjustments are subject to a rate adjustment limit which is equivalent to the sum of CFI published in the Philippines, EFA and Releasing Convergence adjustment as defined in Boroney Water's suncession agreement.

The rate robusing data is extremy five (c) years starting January 1, 2011. Herms, the first rate robusing period commenced on January 1, 2010 and coded on Becoming 4, 2010 and, in the case of subsequent rate robusing periods, the period commencing on the last rate releasing date and coding on Dannarhan at of the fifth year thermalian.

In Jerusny 2018, Burnoy Water implemented an increase of 8.18% compelsing of rate relating adjustment of 6.97% and CPI of 1.21%. The document RESA adjustment of 14,54% was continuously implemented throughout the year.

On June y, 2017, TEZA approved the near varior ratus of Borney Water, which is equivalent to an immuse of ga.2g% from its culting rate to be implemented on a stuggeral basis for a period of three (g) years with an immuse of go.14%, 11.6g%, and 10.70% in 2017, 2018 and 2019, respectively. The first transfer of trailfilm recess some implemental on July 1, 2017.

On Benerator 15, 2019, TIEZA approved Borsony Water's implementation of the second transfer of tariff increase of 15,52% effective Juneary 1, 2018.

On August 1, 2018, TEZA-RO approved the expension of the 14,54% downward adjustment, which resulted to the implementation of 0.00% FZDA effective August 15, 2018.

On Beneraber 4, 2018, TEZA approved Bornory Water's implementation of the third transfer of tariff increase equivalent to 18.08% of the basis water and senser sharge, includes of CPI, whiting from its 2017 rate rebesing. Parthermore, a 8.00% increase shall be applied to the basis water and senser charge to account for PCDA. The senserates shall take effect on January 1, 2019.

Romany Water's expension agreement also provides a general rate setting policy for rates shargestile by Romany Water for nature and expensive services as follows:

- For the period through the second rate releasing date (Arrany 1, 2017), the maximum rates shargesbie by turning Water (subject to interior adjustments) are set out in the community agreement; and,
- b. From and after the second rate rebeshig date, the rates for uniter and exacting convices shall be set at a level that sall permit Bornory Water to reserver, over the taresty five (ag)-year term of its concession, its investment including operating expenses, exploit maintenance and investment insurred, Philippine business taxes and payments surrequending to debt survive on the TEZA losse incorred to finance such expensitures, and to earn a rate of return on these expensitures for the remaining terms of the concession in line with the rates of return being allowed from time to this to operators of long-terms infrastructure surregular arrangements in other sountries leveling a credit standing similar to that of the Philippines.

The remineur rates sharges bis for such sector and encourage conviews shall be subject to general subjectment at five (g)-year intervals commencing on the second rate rebesing date, provided that the TEZA may exercise in discretion to make a general, adjustment of such rates.

Also, as part of the commutes agreement, Boroney Water seasoned sortish property and equipment of Boroney Water Sensorgic System (BWES), as seell as its outstanding loss from Japan International Cooperation Agency (BCA), considered as part of its TEZA losses under the commutes agreement, and regulatory costs.

As a result of the above turns of the commution agreement, Bornney Water recognized a total of Pg86.86 million survice concernion sensits on surremonement data. It includes the JCA has assumed by Bornney Water, regulatory mosts, construction materials for the improvement and expansion of the vater and sentences facilities and the advanced commution face (see Note 10).

#### Clark Water's Concession Agreement with Clark Revolution on t Corporation (CRE):

On March 18, 2000, Westell Water Philippines, tex., which subsequently shanged its name to Yedin Water Philippines, tex.

(WWP), extend into a communical agreement with COC, a government corporation organized and existing under Executive

Order No. 80, series of 1999. The communical agreement sets out the terms and conditions under which YWP1 will finance,

durigh, assurent, operate and maintain the water and senses go system inside the Clark Prospect Zone (CFA) communing on

Outdoor 1, 2000 and easing on the data falling breasty-five (26) years thereafter or as usey in extended by the terms of the

communical agreement. As the implementing arm of the Bases Conversion Bovelopment Authority and the regulatory and

development body for the CFA, CBC has the power and authority to regulate and monitor the performance and compliance of

WWFI, or its analyses, with its obligations under the communical agreement.

On Explanation 1, 2000, in accordance with the terms of the community agreement, WWT surigand its rights and obligations under the minoralism agreement to Clark Water by write of an energian and assumption agreement between VWPI and Clark Water. As consideration for the great of the community and framilies to develop, operate and maintain the vater and successive system within the CF2, Clark Water pays CFC on around framilies for of FL.50 million. Any new construction, change, alternation, addition or improvement on the facilities is permitted to the extent allowed under the agreement with CFC or with the prior written community of CFC. Legal title, free of all feas and manufactures, to improvements made or introduced by Clark Water on the facilities as well as title to new facilities promoved by Clark Water in the performance of its obligations under the minoralism agreement shall automatically pour to CFC on the data when the communion period expires or the data of receipt of a wildly served termination notice, where is the latter uses, subject to payment of the automatical as termination payments as defined in the normalism agreement.

On Explanator up, 2000, CDC based in favor of Clark Water the existing facilities in compliance with the condition precedent to the effectivity of and the expective obligations of Clark Water and CDC under the concession agreement. Under the local agreement, Clark Water was required to make a restal deposit amounting to Pu.yy million equivalent to six (6) months local restal and a performance security amounting to FL.yz million to ensure the faithful compliance of Clark Water with the terms and conditions of the local agreement. Clark Water page suni-mand restal feet of Pu.yy million amounting to a total of F tgs.28 million for the entire suncession period. The local term shall be so-terminal with the suncession period, miless sooner terminated for any of the masons appointed in the suncession agreement.

On August 16, 2014, Clark Water and CRC riginal on annualment agreement to the communic agreement dated Flank 16, more. The anaralment provides for the following:

- extension of the original surrounder period for enother filture (%) years up to Databer 1, susper.
- b. additional investment of Ry.co billion over the remaining life of the extended communics period, provided under the amended concernion agreement, to be spent for further improvement and expension of water and waste water services in the area. Investment requirement under the original serveration agreement amounted to Pyson billion and the sounded normalism experiment required on additional inventment of Pacco billion. Initial inventment prior to the smandment of the communion agreement amounted to PLoo Million.
- introduction of a rate relating resolution for every four (4) years starting sols.
- d. reduction in twiff rates by \$47% (from \$45,46) of to \$44,63/10") effective September 1, not 4, subject to the EPX; and
- e. increase in teriffrates by:
  - Pougl/mg (from squig/ml to Pagaza/ml) in 2018;
  - ii. Poup/mg (from Augus) art to Augus/m²) in sotig
  - Pouge/eng (from Augusty) to Pag By/m²) in some, and ₩.
  - Poug/mg (from Aug.8y/m² to Put.go/m²) in suzt.

As a result of the extension of the concession period, service commutes and service concession obligation as of August 15, with immuned by PgR.g8 million. Further, the nurvery period of the Chrk Water's investment was extended by enotion filters ((s) years from easy to soups.

On May 26, 2017, Clark Water submitted its programed 2018 rate rebesing plan following the four (4)-year robusing period stated in the communicar agreement. As of Occasion 31, 2018, the rate relaxing is still organize.

### Mil Connection Agreement with the Productal Resourcest of Color (PSIC)

On March 24, note, NW Connection signed a joint inventment agreement with the PSC for the formation of a joint venture company with 51.00% and 45.00% equity participation for NW Connection and the PSC, respectively. Under the joint inventrant agreement, the portion agreed to develop and operate a bulk natur supply system that will supply 55 o million liters of sector per day to target areas in the province of Color with the joint venture company serving as a bulk sector supplier. The term of the agreement is thirty (50) years starting Parck so to and renemble for another termiy the (42) years. HW Connections and the PEC incorporated Cabu Water, with an commobile of gl.co% and agr.co%, respectively, pursuant to the joint inscatnant agreement.

On Benerator 15, 2015. Cobe Water remixed a Notice of Award for the hulk supply of water to the Hetropolitae Cole Water Shirks (NEWS). On Committee 18, 2015, Color Water and PEWS signal a beauty (20) year talk Water Supply Contract for the supply of 16 million liters per day of saster for the first your and goes nation Russ per day of saster for years two (2) up to teamty (co). Cobe Water delicered its initial M.o million Runs per day balk autor supply to MOWO on Jermany 5, 2015. Cobe Water immensed its bulk water delivery to got million liters per day in 2018.

#### AVA for Non-resource Wester (NEW) Bedantion Activities with Zembourge City Wester District (2009).

On Becomber 15, 2014, the Perent Company numbed a notice from the 2000 exceeding the project for HSW reduction in Zambonagh City, Zambonagia. On Jerusny 20, 2015, the Perent Company and 2000 signal and mounted a JAN is relation to the NEW mutuation project in Zambourge City. On April 10, 2015, the Perent Company and 2000 incorporated Zambourge. Water to implement the MRW project.

On June 2, 2015, Zharbourgh Water entered into a NRW Service Agreement (NRWSA) with 20WG. Duder the NEWSA, ZOWO grants Zambourgs Water the right to implement Network Restricting and MEW Reduction Programs for ZOMU's water distribution systems.

#### half: White: Surely Admirants between Donn White: and Testus White: District (PART).

On July 25, 2015, TWO expected the Deputs City India Water Supply Project (the Trapers Bulk Water Project 1) to David Water, a competitive of the Periot Company and Widor, Inc.

On Catalor 15, 2015, Diese Water has signed and executed a Joint Venture Agreement (AVA) with TWS. The JVA governments relationship of David Water and TWO as joint venture partners in the Taglors India Water Project. Pursuant to the JAW, Seese Water and the TWI council the incorporation of a joint venture company, mendy, Tagion Water, which shall implement the Tagina Bulk Water Project for Ellenn (15) years from the Operations Start Date as defined in the JVA.

The constraint of David Water trees govern, while TWC came to con's of Tegure Water's cutotaching capital stock. Tegure Water was registered with the SEC on Denumber 15, 2015 and its printery purpose is to develop, countruit, operate and resistain the bulk water supply facilities, including the development of nor surface actor sources, water treatment, delivery and sale of treatment bulk water exclusively to TWD.

On February #6, 2016, Tagium Water and TWO signed and excented a Bulk Water Sales and Purchase Agreement for the supply of bulk water to TWO for a period of lifteen (ig) years from the Operations Black Date.

#### HWPV's Planterarkers of Agreement (PUA) with Apple Land Inc. (AU).

On January 15, 2018, INNEX entered into a HOA with ALI and its subshiftents (unfactively, the ALI Broup), whereby HWEV shall enclashed provide vator and mod water services and incitition to all property development projects of the ALI Broup.

#### Agen Control a MCIA with the SM Group.

On Benerator 6, 2016, MMTV automal into MCAs with each of SM Prime Holdings ton, is and the latter's efficient and subsidiaries, SM Bevelopment Corporation and SM Residences Corp. (collectively, the SM Group). Pursuant to the MCA, MWTV will provide the water and/or med states services and facilities to the property development projects of the SM Group identified in each of the MOA.

On Catalor 5, 201y, Aqua Centro was incorporated to bandle property development projects, other than those within the AU Group, by origingling in the development, improvement, maintanence, and expansion of water, sensoring, wasterator, and drainings facilities, and provide services necessary or insidental thereto.

On Becomber 28, 2017, PRMTV external into a Rowtion Agreement with the SM Group and Aqua Centro to transfer its rights, detins and obligations to provide water and/or usual water services and facilities to the property development projects of the SM Broup to Aqua Centro, effective from the inception of the MDA.

As of Omember 21, 2016 and 2017, Aqua Cantro has siz (6) and four (4) signed MEAs with the 69 Broup, respectively. FMTV has one (1) signed PEIA with 64 Group as of Ocusenbur 21, 2018 and 2017.

### Calarina Materia Concession Agreement with Calarina Mater District (CMO).

On Beneraber 9, 2018, the Periot Company remixed a Notice of Award from CMO for the implementation of the joint venture project for the design, construction, reliabilitation, resistencess, operation, il meeting, expension and encogeness of the natur supply system of CMO in Calculus, Programes.

On June 19, 2019, the Percet Company eighed a JAA with CWO which will govern the relationship of the termin undertaking the joint venture project. Under the JAA, the Percet Company and CWO shall make the incorporation of a joint venture company values the Percet Company and CWO shall one govern and towards, respectively, of the outstanding expital stock.

On August 2, 2017, the SEC approved the improvedion of Calculus Water Company, Inc.

On Outsider 25, 2017, Calculas Water and CWO signed and executed a communion agreement. Under the communion agreement, the CWO grants Calculas Water, (as contractor to perform matein functions and an agent for the commine of certain rights and possers under Presidential Scorce No. gRy) the soloright to develop, manage, operate, maintain, repair, describing, and interbish all fixed and moveble assert (compt matein retained assert) required to provide sater delivery in the entire Participality of Calculas for a period of twenty-five (ag) years monatoring on Scoember 25, 2017 (the Commencement Date) until Demarker 25, 2042 (the Equination Date) or the sarry termination date as the case may be. While Calculas Water has the right to manage, operate, requir, and refurbish specified DWO facilities in the service arms, legal title to them asserts remains with the CWO. The legal title to all fixed asserts contributed to the mixing CWO system by Calculas Water during the succession remains with Calculas Water until the Expiration Date (or the only termination state) at which three all rights, titles and interest in such seasts will automatically vest in DWS.

Under the commuter agreement, in the event that our or more grounds for EM has encurred or is expected to cover, as appropriate price adjustment to be applied to the tariffer an appropriate adjustment to the covers obligations of the consensionality will be determined by the CWO.

The ground for EPA remove any of the following abcomplaneous:

- sharpe in law or sharpe in the interpretation of the turns of the commutes agreement;
- b. extraordinary cost incurred due to prolonged force majoures.

- o. a material sharge has been made to the basis of calculation or definition of the CFI or replacement inche agreed; or
- the noncontradic has insured significant additional costs as a result of an event of force resjours which are not nowed by insurance.

1960 February Appendix Agreement (APA) with Arien Lead Studies in Deparation (Arien Lead), and immergential of MARC.
On Jennary 4, 2017, PRWY entered into an ARM with Arien Lead to acquire and operate the Letter's exacts used in the water business operations in Arien Lead's developments in the province of Indones. The intention of PRWY was to savige the rights under the APA to its whelly owned subsidiary upon its incorporation.

On April 11, 2017, 1990: see improved to design, construct, rehebilitate, maintain, operate, finance, expend, and manage seter supply system and scritation facilities. 1990: in the ultimate critity that sell cars and operate the seems sequired from Asian Lord.

On July 31, 2019, 1997Y sesigned all its rights and obligations on the APA to EPUC, a wholly-carried ministery of 1997Y, under a Dood of Amigument. On the same day, the Bood of Abadute Sale was also carried between Asian Land and BHDC (see Note 4).

#### Obserde Mater's Concession Advances with Obserde Mater Sisteint (1985)

On January 24, 2017, the committee of the Perent Company and MWWY removed the Motion of Award from CWE for the implementation of the joint venture project for the design, community, reliabilitation, resistances, operation, il maning, expension, and recongressed of the ventur supply system and motitation facilities of CWO in Obundo, Indiana.

On February 2, 2017, Obserio Water Comortium Holdings Corp. (now Hilpines Water) was registered with the IEE. Hilpines Water is the accurations between the Parent Company and HWPV with an equity share of 45,000% and 51,000%, respectively. The primary purpose of Hilpines Water is to engage in the business of a holding someony without sating as stockbooks or dealer in accuration.

On July 25, 2017, Filipines Water signal and executual a JVA with DWO. The JVA governs the relationship of Filipines Water and DWO as joint venture partners in the Obsario Water Communion Project (the "Chando Communion Project").
On Catolier to, 2017, Obsario Water was incorporated. Obsario Water is 30% and to% cased by Filipines Water and DWO, respectively.

On Ontolor to, 201y, Disordo Water and OWS signed and executed a commuten agreement without the manually for another bidding and subject to sectual agreement by Ohardo Water and the OWS. Dater the manualen agreement, OWO greats Chando Water, (as contractor to perform sectual functions and as agent for the execute of cortain rights and powers under Presidential Dearms No. 550), the soloright to manage, operate, maintain, repeir, referbids, and expand the final and movable assets required to provide seater and semistics services in the active Manhapathy of Obardo for a period of tracety for (55) years communing on Justice 1, 2018 (the Communicated Satu) settli January 1, 2019 (the Expiration Date) or the early termination date, as the case may be.

The initial water tariff, contains of value-added to: (WAT) and/or any applicable to:, to be charged to the contourers for the first first (g) years of the communicate shall be based on the 2005, Lond Water Utilities Administration (LWUA) approved tariff table of UWO. Durby the concession agreement, in the event that one or more grounds for EPA has common in expected to coor, an appropriate prior adjustment to be applied to the tariff or an appropriate adjustment to the survice obligations of the communication will be determined by CWOs.

The grounds for EPA means say of the following discussionance:

- sharpe in law or sharpe in the interpretation of the turns of the sometion agreement;
- b. activardinary continuumed due to prolonged force insjectes;
- o. a material charge has been made to the basis of calculation or definition of the CPI or replacement index agreed;
- d. sharge in examptions at the time of the councilor of the concenion agreement; or
- the amountmake has insured significant additional costs as a result of an event of force regions which are not nowed by insurance.

#### METER APA with Soler Francisco, Iro. (Soler Francisco)

On July 25, noty, SMOC external into an APA with Solar Resources to acquire and operate the latter's sensis used in the water business operations in Solar Resources developments in the province of Solaron. On the same day, Buler Resources expected a Dual of Absolute Sale to sell and transfer its proportion pertaining to water facilities and its operations in the Las Palmas Subdivisions Planes 1 to y to SMDC (see Note 4).

#### MEET: APA with Reducit Development Conjugation (Seeland).

On Beneraber 14, 2017, BHSC and Berland executed the APA, Dani of Amignanut, and Beni of Abadute Sale between the parties for the sale, sanigument, transfer, and nurveyance of Berland's assets pertaining to saler facilities and its operation in San Vicente Homes subdivision in Balance (see Note 4).

#### Notice of Award from Layle Metropolitan Water District (LEWE)

On Benerator 6, 2015, the Perent Company received the Roller of Amend from LHWO for the implementation of the joint venture project (the "Layte Project") for the design, communion, rehabilitation, maintenance, operation, financing, expension, and management of the water supply and maintain facilities and services of LHWO in the Province of Leyte.

The conditions provident specified in the Roiker of Assert include the incorporation of a special purpose vehicle (STV) which will implement the Leyte Project under a contracted joint venture with LEWE.

Upon sompletion of the conditions presentent specified in the Notice of Ameril, the SPV and LPWO shall enter into a JVA that will great the SPV, as contractor, to perform certain functions and as agent for the securic of, the sole and emissive right to remarge, operate, maintain, requir, refurbish and improve, expand and as appropriate, decommission, the facilities of LPWB in its Service Area, including the right to bill and collect tariff for the provision of unter-supply and scalation services in the Service Area of LPWO.

DINNE's survive arm covers the City of Teclohou and seven other municipalities namely Pele, Tennum, Degiani, Telena, Pertram, TeberiTelon, and Sente Fe.

#### HWPV.WA with Public Pilipines Secure, Inc. (1998).

On Becomber 11, 2017, the Parhipolity of Palaniqui granted a franchine to MMPV and TPBI for the implementation of a joint venture project to establish, countrant, operate, manage, repair, and maintain water supply and vanishments system and facilities in the numbipolity of Palaniqui, Pargusham. The franchine has a term of twenty-five (sg) years from the commencement date.

On February 20, 2018, the bount of directors of MWFV approved the areation of a SFV for this project.

On November 10, 2010, PMMV has signed and countral a JVA with TPSL. Under the agreement, PMMV and TPSL shall. Incorporate a joint venture company, with 50% and 50% community, respectively, which shall implement the project.

#### MANUFAL Leave Agreement with the Philippine Ferromin Zone Authority (1974).

On Benerator 16, 2017, PMMY signed a toronty five (up) year lease agreement with PEZA. Personal to the agreement, PMMY will leave, operate, and manage the vatur and used suster facilities of PEZA in the Cavite Special Economia Zone for the provision of water and used suster survives to the locators therein. PMMY shall apply its expertise in the industrial zones operations and shall provide aspital expenditures for the dustrian of the agreement. The Cavite Special Economia Zone is a 17%-instance industrial setate with 25% locators somewing approximately 250,000 subfarrates per mostly or Lau willow literaper day.

#### Matthewalf Assembly Committee City Western District (178411) and 1604 with 17845.

On Jamenry 28, 2018, the Percent Company and PAWY (indicatively the "Companion") removed the Notice of Award from EWO for the implementation of the joint venture project for the development, financing, operation and management of a raw untersource, provision of bulk untersupply with system expansion, and the development of septage management in degles City, imbels (the "fingus Project").

On November 16, 2016, the Connection signal and executed a JVA with the EWE. Under the JVA, the Connection and EWE shall incorporate a joint vectore surpray, with go.co/% and to.co/% cancerlip, respectively, which shall implement the flague Project.

Upon sampletian of confitions presentent set out in the JVA, the joint venture company will consequently exterints a falls. Water Sales and Purchase Agreement and Septuaje Passagement Agreement with EWP for the implementation of the Sagism Project for treatly-five (ag) years from the someonorment date.

#### Share Parchage Agreement (SPA) with Electricity Benerating Public Company Limited (EBCD).

On February 18, 2018, the Parent Company signal a SPA with ERIXI to acquire ERIXI's 16,00% equity in Eastern Water Resources Development and Hanagement Public Company Limited (Seat Water). East Water is a publicly listed company whom shares are traded in the Stock Embagic of Thelland. It is engaged in the provision of new vater and top water since tage in the centern anabourd of Thailand.

On March 5, 1016, HWTC entered into a core-year terra facility agreement with Hisubo Bank, Ltd., Inaglock Brauch (Misulo Bengloit), whereby Misulo Bengloik extended credit to MWTC for TH16, go billion to finance MWTC's exquisition of shares in East Water (see Note 14).

On March 14, 2018, FWFC amplied git, 49, igo ordinary shares in East Water representing 18,72% capity of East Water (see Hote 11).

#### SPAvith FT. Triguna Inpindo Handiri

On March &, 2018, PTRWI signed a SFA with PL. Trigum Repindo Hundiri to ecquire 4,478 shows of PL Samus Tirte Ungeren (PESTA) which allowed PTMM to one treaty parent (20%) of the outstanding expital stock of PESTA (see Note Yi).

FT STU is a bulk value supply company servicing PDAP Exhaustes Surveyory and industrial contorners in Secure, located in Ungioren eros of Romanung Regionay, Control Jave. Province, with a cognoity of stage million liters per day.

#### Motion of Award from Balaston Water District (1980).

On April 25, 2015, the Parent Dompsey and FWFY (inflantively the "Conscribus") remixed the Motion of Award from SWD for the implementation of a joint venture project for the design, mentiouslies, reliabilitation, meisterness, operation, financing, expansion and management of the water supply system and scribation facilities of 1995 in the manistrality of Balaghas,

#### Notice of Award from Bulance Water District (BuWS) and JVA with NeWO.

On April 30, 2018, the Parent Company and HMPY (collectively the "Connection") received the Reline of Award from 16990 for the implementation of a joint venture project for the design, mountruction, relabilitation, maintenance, operation, financing, expension and management of the vaster supply agatess and scribation facilities of the BaWG in the Hastic pultry of Balanca in

On August 16, mail, Filipina Water signed and currented a JAA with the BuWE. Under the JAA, Filipina Water and InWE shall. incorporate a joint venture company, with govern+ and to% commonly, respectively, which shall be greated a common by teWD for the design, construction, rehabilisation, maintenance, operation, financing, expension, and reconjuncant of the vator supply system and switchise facilities of the NeWO in the numicipality of Balaces. On Dotaber 18, 2018, the joint verture arrapacy was incorporated and was registered with the SEC under the name of Infalms Water Company, Inc.

#### Moting to Propeed from the Huninipality of Sta. Barbara, Pengasinan

Co June 14, 2018, MMPV remixed a Notice to Proceed from the municipality of Sta. Indoors, Penglesiaes following the ensonment of the municipality's ordinance granting a framilian to HWFV for the provision of senter supply and the improvement, operation, maintenance, amongement, financing, and expension of sector supply facilities, and the provision of suptopio managiument in Sta. Burbara.

The feasible shall be for a term of teachy five (xg) years and is expected to be operational by sorts.

Notice of Award from Paymajae Water Sistrict (WEWAI): On July 1s, 2018, Laguns Water received the Rolline of Award from PASWMI for the implementation of the contracted joint. vertire project for the design, improvement, apprais, rehabilitation, and expension of vater supply and maitation facilit including the financing and construction of such facilities and infrastructure in the survice area of the PASWAS, and the reseasement, operation, and resistences of such water roughly and suritation facilities and the provision of the survives necessary or insidertal thereto is the PASWAD's service arm.

#### Interpretion of Excellent

On July 27, 2018, PMPV improveded Scottler HWPV Corp. which will eventually benefit the Lease Agreement for the Operations and Remajorates of the Water and Used Water Facilities of PEZA in Casile Europenia Zone (CEZ) (see Note 20). Out of 75.00 million subscribed share, 25.00 million shares at PLCO per value or Pagaco million seminifully poid by HWPV for the top.co% equity interest.

#### Notice of Award from Transum Water District

On Catolier 15, 2018, MWFV received the litting of Assert from Transon Water District for the implementation of the joint venture project for the design, improvement, appeals, reliabilitation, and expension of soler supply and maintains inclining the financing and construction of such facilities and infrastructure in the service arm of Transon Water District, and the management, operation, and maintaneous of such sector supply and solution facilities and the provision of the services necessary or incidental thereto in Transon Water District's service arms.

#### Motion to Proposed from the Huminipality of Bus Falines, Penglesinan

On Outsider 15, 2018, MWPV runnierd a Notice to Proceed from the runnispality of the Fahim, Programme following the encounterest of the numbipality's ordinance granting a framilian to HWPV to establish, numbrant, operato, manage, repair, and runistain water supply system and facilities, and the provision of mytoge management in the numbipality of San Fabim, Programme.

The framilies shall be for a term of tearnty-five (25) years and is expected to be operational by sates.

#### Motion of Award from Laurbanen Water District

On November 27, 2015, the Perent Company received a Notice of Americ from Lambeano Water Chirist for a joint venture for the design, construction, rehabilitation, maintenance, operation, financing, expension, and exergencest of the senter exply system of Lambeano Water Clistriat in the Hunicipality of Lambeano, Sollo.

Upon completion of confitions presentent qualified in the notice, the Perent Company and Lamburec Water Cistrict shall. enter into a JVA for the implementation of the joint venture activity of which shall be undertaken by Agen Centro.

#### Mation of Journal from College Water District.

On November 27, 2015, the Percet Dampary received a Nation of Amend from Caling Water District for a joint venture for the design, sometration, rehabilitation, resistences, operation, financing, expension, and management of the vater supply system of Caling Water District in the Municipality of Calings, Hollo.

Upon completion of conditions presentent specified in the natice, the Perent Company and Caling Water District shall enter into a JVA for the implementation of the joint venture satisfity of which shall be undertaken by Agua Contro.

#### Agus Centro and Laguas Mater APAs with Patracollogy Development Composite George (EDCR).

On Beneraber Yr, scrift, Aqua Centro entered into seven (y) AFAs with EUES's uninfilaries to suspire the subsidiaries' sente related to the province of service in term, (to) subdistinus in term, Beneral Trins, and Nain in the province of Certic.

These subsidiaries are Earth Aspire Corporation, First Advance Development Corporation, Arabitics Lead Inc., Prosperity Indiana Resources Inc., Tahanang Yaman Houses Corporation, Extraordinary Sevelopment Corp., and Earth + Byla Corporation.

As of Discussor 31, 2018, Aqua Centro has already started operations in siz (6) out of the ten (to) subdivisions. Aqua Centro shall operate in the remaining subdivisions once all the conditions presedent under the APAs have been fulfilled.

On Beneraber 11, 2018, Legium Water external into four (4) APAs with EBCE's subdifferion to acquire the subdifferion's assets related to or used in its water service provision operations in Biffan, Legium. The APAs are with the following EBES subdifferion, namely, Earth Appire Corporation, Earth Prosper Corporation, Earth and Style Corporation and Estracrdinary Bevelopment Corp.

#### Mating of Award from San Jane City Water District

On Benerabor 21, 2018, the assessibles of MWPV and TPER removed a Notice of Acard from San Jose City Water District (SASWO) for the implementation of the joint venture project for the design, countraction, improvement, applicab, rehabilitation, maintenance, operation, firencing, expansion, and management of the water supply system and the provision of water and scalination services of SASWO in San June City, Name Rolja.

Upon the completion of the conditions precedent specified in the notion of exact, the connection partners and the vater district would enter into a JAN that will great them as contractor to perform certain functions and as agent for the conscion of its right and powers, the sole right to develop, manage, operate, resistain, repeir, refurbish and improve, expand and as appropriate, described in the facilities in the service error, including the right to bill and collect teriff for vatur and suchtains services supplied in the service error of S.C.W.

### Notice of Award from Calbegoy City Water Cintriot

On Becomber 27, 2018, the Parent Company remixed the Notice of Americ Scale pag City Water District for the implementation of the joint venture project for the design, construction, reliabilitation, resistances, operation, il mening, expension, and recognises of the venture and venturator systems of Calbeyog City Water District in the Calbeyog City, as well as other arous which may eventually form part of the coverage of the Calbeyog City Water District in the Province of Security.

Upon completion of the conditions presedent qualified in the notice, the Perent Company shall enter into a JWA with the Calbeyog City Water Elstrict for the implementation of the joint venture project over a transfy-live (sg)-year contract period.

### Approval for the Imperce of the Contributed Financial Statements.

The KKB approved and authorized the immune of the consolidated financial statements on February 28, 2019.

### t. Horsey of High Board Associating Publisher

#### Inch of Properation

The consolidated financial statements of the Group how been propored using the historical cost basis. The Perret Company's presentation and functional currency is the Philippine Peno (P., Peso, or PHP). Associate are remarked off to the newest Peno, compt obtained stated. The someoficiated financial statements of the Group provide comparative information in respect of the previous periods.

#### Salarant of Compliance

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

### <u> Inchest Complication</u>

The consolidated financial statements comprise the financial statements of the Group as of Commbergt, 2016 and 2017, and for each of the three years in the period ended Commbergt, 2016.

Consolidation of a subsidiary begins when the Broup obtains control over the subsidiary and amous when the Group loss control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary suspiced or dispused of during the year are included in the consolidated financial statements from the date the Group gains scriped until the date the Broup occurs to control the subsidiary.

Control is solitoned when the Group is exposed, or has rights, to variable returns from its involvement with the inventor and has the shifty to affine those returns through its power over the inventors. Specifically, the Group scrattch as inventor if and only if the Group has:

- power over the investor (i.e. mining rights that give it the surrent shifty to direct the relevant artistics of the investor);
- b. exposure, or rigite, to variable returns from its involvement with the investor, and
- the shilling to use its power over the inventor to affect its returns.

Securally, there is a presumption that a regionly of voting rights result in scratch.

When the Group has been then a majority of the voting or similar rights of an inventee, the Group considers all relevant facts and abcumutances in accoming whether it has power over an inventor, including:

- the northward arrangement with the other vote holders of the investor;
- b. rights wising from other contracted arrangements; and
- the Broup's voting rights and potential voting rights.

The Group resonants whether or not it controls as inserted if facts and abcumutances indicate that there are changes to one or more of the three alements of soutrols.

Profit or loss and each companion of other companions is incorne (CCI) are stiributed to the equity holders of the parent of the Broop and to the noncontrolling interests, even if this results in the noncontrolling interests having a definit but When measury, effectnests are made to the fluorial state courts of subdividudes to brigg their accounting policies in line with the Group's accounting politics. All intra-group exects and liabilities, upoky, income, supremented each flower electing to transations between members of the Group are eliminated in full on normalisation.

A sharge in the courselig interest of a ministary, without a loss of control, is accounted for an an equity transaction. If the Group loses control over a subsidiary, its

- decognize the exets (including goods?) and inhibition of the subsidiary;
- b. decognises the samping amount of any noncontrolling interests;
  o. descognises the normalistic translation difference recorded in equity;
- d. recognizes the fair value of the consideration received;
- e. recognizes the feir value of any investment retained;
- t recognizes any surples or definit in profit or long and
- realizables the parent's share of components producely mangiched in OEX to profit or loss or retained comings, as appropriate, as would be required if the Broup had directly disposed of the related assets or liabilities.

Charges in Accounting Polisies and Dissipators.

The accounting polisies adopted in the proparation of the nonadidated financial statements are consistent with those of the provides financial years, accept for the PFES, executed PFES and improvements to PFES which some adopted as of January 1, ants. Uries otherwise stated, the our standards and anunchments did not how any autorial impact to the Group.

4. Accordinate to 1998 a, Blace Land Payment, Classification and House amost of Blace-Land Report Transactions

The annual mats to PFRS 2 soldies affree main around the official of verting conditions on the measurement of a mahsatiled share-based payment transaction; the elastification of a share-based payment transaction with not settlement features for withholding too obligations; and the accounting where a recoffication to the turns and conditions of a sharebased payment transaction charges its chariffortion from each settled to equity settled.

The Group's accounting policy for mah-artifed share-based payments is consistent with the approach classified in the armed marks. In addition, the Group has no share-based payment transaction with not settlement features for withinking two obligations and has not made any modification to the terms and confidence of its above based payment. transations. Therefore, these annualments do not have any impact on the Group's consolidated financial statements.

### b. FFEI 9. Francisi instrumenta

PFIE g. Firmulal instruments, replaces Philippins Accounting Standards (PAS) 89. Firmulal instruments Acceptables and Management, for annual parisab legistring on or other January 1, north, beinging together all them expects of the assuming for financial instruments: sheeffeed on and resourcement; impairment and hedge amounting.

The Group adopted PRES gerospectively, with an initial application date as of January 1, actif. The Broup has not restated comparative information for the year ended Committee at, soly, which was reported under PAS ag. The adoption of PPES g did not must to difference requiring affurtment to the Group's opening retained musings.

### Charifortion and recomment

Under FFEI g, that's instruments are subsequently measured at his value through profit or loss (FFE), emartized most, or fair value through CE2 (PVCES). The classification is based on two criteria: the Group's business results for managing the exector, and whether the instruments' materials and flow represent 'unitaly payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's humans model was made as of the date of failful application, Jacobs 1, 2018. The automated of whether contracted such flows on debt instruments are edicly comprised of principal and interest was made hazed on the facts and abcumustances as at the initial rangipition of the exects.

The elemination and removement requirements of FFES guid not have a significant impact to the Group. All financial assets hold at amortized sorts under PAS 29 continues to be removed at amortized sorts and are elemined and measured as debt instruments at amortized sort beginning James y 1, 2018. Also, the adoption of FFES guidd not have a material impact on the Broup's other companionsive insures and its operating, investing, and financing each flows.

In surnary, upon the adoption of PTRS g, the Broup had the following required or elected reclamifications for fractions are to

	At January 1, 2018		
	PAE 88	PFR8 p	
	Corryling Walter	At Assortional Cont.	
PAS as monoment minjuy:			
Louns and receivables			
Cach and makespiralents	Pgscom,yessmile	40 cm 244 mgs	
Reneivables	1848-881EEO	1, <b>5,5</b> 3,53,530	
Communication financial reneivable	Philipson of the Control of the Cont	<b>Ууулау,</b> 84у	

The Broup has not designated any financial assets or liabilities as at PAPL. The adoption has no impost on the absolution and assessment of the Broup's financial liabilities.

### i. bysiust

The adoption of FFBS g has obaqued the Broup's accounting for impairment lowers for financial anoth by replacing FMS gg's incurred loss approach with a foreard-looking expended wells loss (E2.) approach. FFRB g requires the Group to recognize as allowance for E2.s for all debt instruments not held at FMF, and content another. The Group has applied the simplified approach and recorded lifetime E2.s on all trade receivables. Adoption of E2. approach under FFBS g did not result to sharpes in the impairment loss allowance to the Group's financial anothers of January 1, 2018.

### ii. Hadga soonaaling

Under PAS 20, all gains and loans whing from the Broup's such flow hedging relationships were digible to be subsequently reshoulded to profit or loss. However, under PFBS 3, gains and loans whing on each flow hedges of foremet purchases of non-flownial anests need to be incorporated into the initial sarrying amounts of the non-flownial anests. This shange is not applicable to the Group because it does not know each flow hedging arrangements.

### u. Amendments to 1998 4, incorrer Contracte, Applying 1990 y, Floradel Instruments, with 1990 4

The accordance address accounts which from implementing PRS 3, the one financial instruments attended before implementing the one increase contracts standard. The accordance introduce two options for critics imping insurance contracts a temperary exception from applying PRS 3 and an exceller approach. The temperary exception is first applied for reporting periods beginning on or after Jamery 1, 2018. An entity may deat the exceller approach when it first applies PRS 3 and apply that approach retraquentively to financial access designated on transition to PRS 3. The actity restates comparative information reflecting the overlay approach if, and only if, the actity restates comparative information when applying PRS 3.

The arrendments are not applicable to the Broup since now of the artifics within the Broup have softwice that are predominantly commuted with incurrence nor does the Broup incur incurrence contracts.

### d. Fried to Revenue from Contracts with Contamora

FFIG to supercules PAS 11, Construction Contracts, PAS 16, Reverse, and related interpretations and it applies, with limited exceptions, to all reverses whing from contracts with its customers. PFRS to establishes a five-step model to account for reverse whing from contracts with customers and requires that reverses be manyished at an amount that reflects the consideration to which as critity expects to be critical in embange for transferring gloods or services to a customers.

PFIR is require settiles to exemine judgment, taking into numideration all of the relevant fines and dissumstances when applying each step of the model to contracts with their customers. The standard she specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disslowers.

The Group adopted PRRS is using the modified retrospositive method of adoption with Jerusny 1, until as the date of initial application. Under this method, the standard was be applied either to all contrasts at the date of initial application or only to contrasts that are not completed at this date. The Group elected to apply the standard to all contrasts as at Jeanny 1, 2018.

teliare the adoption of FFEI 15, the Group has been recognizing researce from constantion for when the outcome is constanted to the Group's units or sever network. Under PFEI 15, the accountion fee and the related vater and sever survices are accounted for as whilegings a single performance obligation that will be satisfied over the period when the related services are expected to be provided. Accountingly, commution fees provided promptized for all active vater service accounting all have to be recognized over time. Promptized invoked the improvidedity of retrospective restatement under INS 8, Accounting Schools, Charges in Accounting Schools and Provided and the charge in accounting for accounting for accounting the prospectively starting on the date of initial application as allowed under INS 8 (see Notes 3).

The adoption of PFBS is did not result to differences requiring adjustment to the Broup's opening retained carnings. The comparative information was not restated and continues to be reported under PAS 11, PMS 18, and related interpretations.

The effect of adopting PFBS is in the consolidated statements of financial position as at Jacuary 1, 2018 is as follows:

<b>Inform</b> co	(Documents)
(4)	(PRE-406-288)
(4)	185.484.48
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6769	258,870,4 <b>1</b> 0
(b)	(208,033,684)
(4)	(52,018,776)
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The adoption of FFES is did not have a material impact on total liabilities, total comprehensive immore, and the Broup's operating, investing, and financing each flows.

The nature of the adjustments as at Jamesy 1, act8 and the reasons for the algolfount changes in the accordinated statement of financial position as at Generalarys, act8 are described below:

- a. Assend markeble for experision fees and for performance fees before the adoption of PFRS t<sub>E</sub>, the Broup renegitized markebles even if the receipt of the total consideration was conditional on the final acceptance and milestone surspiction of the related services. Under PFRS 1<sub>E</sub>, wy carried consideration that is conditional about be renegitized as a nonlinear exect rather than a receivable. Therefore, upon the adoption of PFES 1<sub>E</sub>, the Group realizabled Paqq. 21 million (Includes of the nuncurrent purious associating to Pga.co. million) from "Receivables" to "Contract associating as at January 1, 2018.
- b. Concension financial receivables before the adoption of FRRS to, the Broup rangiple of receives from rehabilitation works and finance income current during the construction phase as concension financial remindule. Under FRES to, their gifts construction phase, any amount mental is chantified as a construct exect. Contract exects are descripted when non-traction is non-plotted, and the numbles time to be remixed is rangipled as noncombon financial receivable. Therefore, upon the adoption of FRES to, the Group realizabled Publics make from "Concension financial remixables" to "Contract exects" as at January 1, 2018.

There were no adjustments made to the accordidated statement of comprehensive income for the year ended. Becoming at, 2018.

 Accombinate to PAS SE, in restments in Associator and Joint Ventores, Messachigi en Associate or Joint Ventore at Fide Value (Part of Associatory rements to FFREs 2014, - 2016 Ogde)

The anuments should that an easily that is a vactors capital organization, or other qualitying critly, may cleat, at initial recognition on an investment-by-investment basis, to measure its investments in securities and joint vestment at fair value through profit or loss. They also should that if an easily that is not itself an investment untily has an interest in an associate or joint vestment that is an investment entity, the easily may, when applying the expity method, cleat to retain the fair value resources applied by that investment satily associate or joint vestment applied by that investment satily associate or joint vestments into a subsidiaries. This election is made apparently for made investment untity associate or joint vestment in attack or joint vestment eatily associate or joint vestment is initially recognized; (ii) the associate or joint vestment becomes an investment entity; and (iii) the investment untity associate or joint vestme first becomes a parent. Introspective application is required.

The anusclements are not applicable to the Broup as the Broup sizes not include an entity that is considered as a venture capital organization or other qualifying entity under the amendments.

6. Amendments to PAS 40, investment Property, Transfers of Investment Property

The anuschments shortly when an untity should transfer property, including property under construction or development into or out of investment property. The anuschments state that a charge in one course when the property meets, or occurs to result, the definition of investment property and there is address of the sharge in one. A were sharge in management's intentions for the one of a property does not provide address of a sharge in one. The amendments should be applied propertiedly to charges in one that coor on or after the beginning of the annual reporting period in which the entity first applies the assertion to. Retrospective application of the anasochments is not required and is only permitted if this is possible without the me of himbight.

The annualments are not applicable to the Broup as the Broup sizes not laws exects classified as investment property.

g. Philippine telesportation FMC 20, Paraign Currency Terrencions and Administration

The interpretation shriften that, in determining the spot makings rate to use on initial recognition of the related seest, expense or income (or part of it) on the developation of a non-monetary seest or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an ortity initially recognizes the non-monetary anext or non-monetary facility arising from the advance consideration. If there are making payments or monipts in advance, then the ortity must determine a date of the transactions for much payment or resulpt of advance consideration. Estimatory apply the anomalous on a fully retrospective basis. Setrospective application of this interpretation is not required.

The interpretation did not have any significant impact on the Broop's consolidated financial statements.

 Milippine Interpretation Committee (PIE) Question and America (QSA) anti-1<sub>5</sub>, PAS1 – Circulfraction of Advances to Contraction in the Nature of Propagaments Current on Absorption.

Upon the adoption of PC QSA ant0-tg, advances to contractors and suppliers that have been previously presented under current anoth some reclassified to account anoth. Indice the adoption of PC QSA ant0-tg, the absolitation of the Broup is based the timing of application of them advances against billings and timing of delivery of groups and services. This interpretation aims to absolit the propagators bessel on the actual realization of such advances based on the determinal tange or realization of the asset to which it is intended for (e.g. inventors, inventors), property plant and equipment).

The Group adopted PC QSA units tg.sturring.terruny 1, 2016. The impact adoption is applied retrospectively which moulted to the decrease is other current exects and immuse in other nonunrunt exects by Pgqc.8g million as of Oceanius gt, 2017. The adoption of the PC size resulted to as immuse is such flows from operating activities and corresponding decrease is each flows from investing activities amounting to Pq8.8q million and Pg18.0q million for the years excled 2017 and 2016, respectively.

### Return Changes in Accounting Polisies

Pronouncements insued but not yet officials are listed below. Unless otherwise influsted, the Broup does not expect that the fature adoption of the said pronouncements will have a significant impact on its non-middle fatural distancements. The Group intends to adopt the following pronouncements when they known effective.

Effective implement on or of the James of 4, 19919.

a. Amendments to PFRS p. Propagation Partieres with Negletine Companyation

Under FFES g. 4 dailst instrument can be received at amortized cost or FVCC, provided that the contracted such flowers 'solely payments of principal and interest on the principal amount outstanding' (the SFF writerion) and the instrument is held within the appropriate business model for that elemification. The amortisants to FFES g clarify that a financial amost peaces the SFF writerious regardless of the event or circumstance that causes the early termination of the contract and irresponsive of which party pays or receives reconcible composation for the early termination of the contract. The amortiments should be applied estropositively and are effective from January 1, 201g, with carrier application permitted.

The around musts are not expected to have any significant impact on the normalisated financial statements.

#### b. 170016, James

FIRS 16 sets out the principles for the recognition, necessrants, presentation and designess of leases and requires leaves to account for all leaves under a single on-balance short model similar to the amounting for finance leaves, under PAS 17, Leaves. The standard iminists two recognition examptions for leaves — leaves of flow-value? masts (e.g., personal computers) and short-term leaves (e.g., leaves with a leave term of to mortis or leas). At the commencement date of a leave, a leaves will recognize a liability to make leave payments (e.g., the leave liability) and an asset representing the right-of-we exact). Leaves will be required to expand by recognize the interest expanse on the leave liability and the depoclation expanse on the right-of-we exact.

Lemma will also be required to remeasure the lease liability upon the cocurrence of certain events (e.g., a sineage in the lease term, a shange in fature inner payments resulting from a shange in an indux or rate used to determine those payments). The lease will generally recognise the account of the remeasurement of the lease liability as as sujustment to the right-of-use mast.

Leaver amounting under PFRS 16 is substantially ambanged from today's accounting under PAS ty. Leaver will acriticus to alamify all leaves using the same classification principle as in PAS ty and simingsish between two types of leaves: operating and finance leaves.

PFIE 18 also requires lessons and lessons to make more extensive disclosures than under PAS 17.

A leases was almost to apply the standard using either a full introspentive or a modified retrospentive approach. The standard's transition providens parent certain reliefs.

The Group is surrortly assuming the impact of adopting PFRS 18.

Accordinants to PAS 1g, Employee Sonality, Plan Amendment, Cortalinant or Buttiment

The amendments to PAS to address the amounting when a plan amendment, contailment or actifement concer during a reporting period. The assundments specify that when a plan amendment, contailment or actifement occurs during the annual reporting period, an entity is required to:

Betermine current survice must for the remainder of the puriod after the plan aroundment, curtainnest or sufficient, using the actuarial accomptions used to remeasure the set defined bosoft liability (asset) reflecting the bosofts offered under the plan and the plan assets after that event; and

Betermine set interest for the remainder of the period after the plan amendment, curtainment or settlement using:
the net defined inself: liability (asset) reflecting the benefits offered under the plan and the plan assets after that
event; and the discount rate used to remeasure that set defined benefit liability (asset).

The anomalous also shally that an entity first determines any past service must, or a gain or less on settlement, without considering the effect of the asset selfing. This amount is recognized in profit or less. As entity then determines the effect of the asset selfing after the plan anomaloust, surtailment or settlement. Any sharge in that effect, emissing amounts included in the set interest, is recognized in other comprehensive income.

The anominants apply to plan anominants, curtainents, or satiferants occurring on or after the beginning of the first anomal reporting partial that legitur on or after January 1, notes, with early application permitted. These anominants will apply only to any future plan amendments, curtainents, or softlements of the Broup.

d. Amendments to PAS all, Large term interests in Associator and Joint Ventures

The anominants alonly that an emity applies PFRS 9 to long-term interests in an anomina or joint venture to which the equity method in not applied but that, in substance, form part of the set inventment in the anomina or joint venture (long-term interests). This clarification is relevant because it implies that the expented credit loss model in PFRS 9 applies to such long-term interests.

The amendments also shriffed that, in applying PPRS 5, as catify does not take account of any loness of the amendate or joint venture, or any impairment losses on the not investment, recognized as adjustments to the not investment in the amendate or joint venture that arise from applying PRS 25, investments in Amendate and Joint Ventures.

The annualments should be applied retrosportively and are effective from January 1, 2018, with early application pursitied. Show the Broup does not have such loog-term interests in its annualment and joint ventures, the annualments will not have an impact on its complicated financial statements.

e. Philippina later protestion FIEC 29, Union taking over treases Tes Bracheste

The interpretation addresses the associate for income taxes when the treatments involve uncertainty that affects the application of PAS to, income Boson, and does not apply to taxes or leader notable the scape of PAS to, nor does it appointed to interest and parallels executed with associated with constain too treatments.

The interpretation equalibrally addresses the following:

- Whather an actity numidous uncertain tax treatments superately;
- The securities an entity reales about the exemination of the treatments by treation authorities;
- How so settly determines tendile profit (too loss), technolos, around technolos, amond too smalles and technology and,
- How as satisfy associators sharpes in facts and singurationers.

An entity must determine whether to nomider must uncertain the treatment superately or together with one or more other uncertain the treatments. The approach that better predicts the resolution of the nometainty should be followed.

This interpretation is not relevant to the Broup homeon there is no uncertainty involved in the terminants made by recongement in communicate with the malashtics of current and deferred trans as of Becombergs, 2018 and 201y.

- Armed improvements to PFRSh soig- sofy Cycle.
  - Assessing to PFRS 2, Sections Combinations, and PRS 11, Joint Arrangements, Provincing Wold interest in a Joint
    Operation

The amendments clarify that, when an actity obtains nortrol of a business that is a joint operation, it applies the requirements for a business northination achieved in stages, instacting removeming previously hald interests in the amets and Rabilities of the joint operation at fair value. In doing so, the acquirer removement its entire previously hald interest in the joint operation.

A Broup's party that participates is, 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 leaders are defined in 1998 g. The according to shally that the previously held interests in that joint operation are not renormed.

An early applies those around morts to business combinations for which the sequilition date is on or after the legiming of the first around reporting period legiming on or after January 1, acts and to transmition in which it obtains joint control on or after the legiming of the first around reporting period legiming on or after January 1, acts, with early application permitted. These aroundments are surroutly not applicable to the Group but may apply to feture transmitted.

According to PAS to, income The Consequence of Segments on Physicial Instruments Classified as Spelly

The amendments clarify that the income to management of dividuals are linked more directly to part transactions or events that generated distributable profits than to distributions to carners. Therefore, as entity ranginless the income tax numerous of dividuals in profit or loss, other companionsive income or aquity according to where the entity originally recognized those past transactions or avents.

An early applies those around mosts for annual reporting puriods beginning on or after January 1, note, with many application in permitted. These amendments are not relevant to the Broup lemmas disidence declared by the Group do not give rise to too obligations under the current test lems.

Assendance to PAB og., Surround Conta, Surround of Conta Highlighter for Capitalization

The amendments clarify that an entity treats as part of general hornorings any hornoring originally made to develop a qualifying ament when substantially all of the autivities assumenty to prepare that asset for its intended one or sale are complete.

An early applies those around mosts to borrowing costs incurred on or other the buginning of the second reporting period in which the catify first applies those amendments. As untity applies those amendments for arrowing periods beginning on or after Jacoury 1, 2018, with early application permitted.

time the Group's current praction is in line with them excendencets, the Broup does not expect any effect on its consolidated financial statements upon adoption.

Elimino inginaing on or alian Jeremy 1, seaso

a. Armedocata to PRS <u>a. Definitional a Resistan</u>

The accordinants to PFER g clarify the minimum requirements to be a business, remove the summent of a reachest participant's shillip to replace mining elements, and across the delimition of outputs. The accordinants also add gibbaros to accordinate an acquired process is substantive and said Unstrative examples. An optimal fair value constraints test is introduced which parallel a simplified summers of whether an acquired set of activities and accordinate business.

An early applies those aroundments prospositively for served reporting periods beginning on or efter Jamery 1, 2000, with marker application purefitted.

These arrandments will apply on fature business combinations of the Group.

 h. Assertants to PAS 1, Promission of Americal Section on it, and PAS 5, Asserting Policies, Changes in Asserting Science and Street, Policities of Material

The assendments relies the definition of material in PAS1 and align the definitions used across PERSs and other pronouncements. They are intended to improve the automizating of the existing requirements rather than to significantly impact an entity's materiality indgenerats.

An easily applies those aroundments prospositively for served reporting periods beginning on or effor James y 1, 2000, with marker application purelited.

### These arrandomets will apply to future financial statements of the Group.

#### Elimino inginaing on or often Armony 1, seast

### 4. PFBS 17, Innovation Contracts

PFBS ty is a comprehensive new accounting standard for incurrence materials covering recognition and measurement, presentation and classicals. Once officials, PFRS ty will replace PFBS 4, incurrence Contracts. This was standard on incurrence contracts applies to all types of incurrence contracts (i.e., Pfs, non-Rfc, direct incurrence and re-incurrence), regardions of the type of emitties that incur them, as well as to certain glumminess and financial instruments with discretionary participation features. A fear scope mospilons will apply.

The strendard is not applicable to the Broup since none of the entities within the Broup have soft/lifes that are predominantly connected with incurance or have incurance contracts.

Interpretation with Onferred Effective Oute

4. Assundments to PRRS to and PAS at, Bain or Contribution of Associa lecturous an investor and its Associate or Joint Venture

The execution address the conflict between PFRS to used PAS all in sheding with the loss of control of a subsidiary that is said or contributed to an execution or joint venture. The executional shedig that a full gain or loss is recognized when a transfer to an execution or joint venture involves a business as defined in PFRS at Actions Combinations. Any gain or loss resulting from the sale or contribution of exects that does not constitute a business, however, is recognized only to the extent of unrelated investors' internets in the execution or joint venture.

On Jamery 15, 2016, the Flamoid Expering Standards Council postposed the original effective date of Jamery 1, 2016 of the said assembnests until the international Associating Standards Board has completed its broader review of the remark project on equity associating that may result in the simplification of accounting for such transmisses and of other aspects of accounting for associates and joint ventures.

### Significant Association Professes.

# Current versus Honouvert Classification

The Group presents exects and liabilities in the nonadidated statement of financial position hand on a surrest and nonunrent shaulingion. As exect is current when it is:

- expected to be realized or intended to be sold or normaned in normal operating system.
- b. held primarily for the purpose of trading:
- o. expensed to be realized within torsive (12) mostle-after the reporting period; or
- and or each equivalent unless restricted from being mohanged or med to settle a liability for at least toroive (tz)
  months after the reporting period.

### All other exerts are shedded as accounted.

### A liability is surrout where

- a. It is expensed to be settled in normal operating cycle;
- b. It is held primarily for the purpose of trading:
- o. It is also to be settled within teacher (to) months after the reporting pariest, or
- d. there is no unconditional right to defer the artifement of the liability for at least turbs (to) months after the reporting period.

The Group election all other liabilities as non-rest.

Befored the senses and liabilities are classified as noncorrect agents and Sublibies.

#### Fair Value Houseway

Fair value is the estimated price that would be received for selling an exact or paid to transfer a liability in an orderly transaction between number participants at the measurement date. The fair value numerowers is besed on the procumption that the transaction to sell the exact or transfer the liability takes plans either:

- in the principal worket for the west or liability; or
- in the absence of a primital market, in the most adventageous market for the asset or liability.

The primipal or the most advantageous market must be accomable by the Broup.

The fair value of an exect or a flability is measured using the assumptions that market participants would see when pricing the exect or fieldiby, assuming that market participants set in their economic best interest.

A fair value measurement of a non-financial asset takes into assemble market participant's shiftly to generate assemble burnitudey using the same in its highest and best use or by selling it to austion market participant that would use the asset in its highest and best use. The Group uses whention techniques that are appropriate in the circumstance and for which value, marketing the use of relevant chearvable inputs and minimizing the use of malescraphic inputs.

The Group was the following himsenly for determining and disabiling the fair value of financial instruments by valuation techniques:

- Level to quoted (unequated) primes in active meriods for identical assets or liabilities.
- Level at whether techniques for which the leasest level input that is significant to the fair value reconversent is directly or infirmtly absentiale.
- Level graduation techniques for which the locant level input that is significant to the fair value measurement is unchangelin.

For exacts and liabilities that are recognized in the nonadidated financial statements on a recurring besis, the Broup dates whether transfers have cocurred between Levels in the historichy by recomming entegorization (based on the lowest level input that is significant to the fair value recovered as a whole) at the end of each reporting period.

The Group's energy-seat determines the pullsian and procedures for both reserving and surrouning fair value research.

For the purpose of fair value disolatures, the Broup has determined classes of exacts and liabilities on the basis of the autors, characteristics and dates of the acust or liability and the level of the fair value bias only as explained above.

### Contract Cody Equipments

Cash includes such as load and in bunks. Cash equivalents are short-turn, highly liquid investments that are readily convertible to known amounts of each with original maturities of three months or less from the data of acquisition and that are subject to an imigrificant risk of charge in value.

### <u> Beautichins and Blace secures of Financial Instruments (Plimtics, homes 1, 2018).</u>

### Firmulai annua

क अधीर्थ रक्क्यूनियेका

Financial amoto are also ideal, at initial recognition, as althor subsequently recognized at amortical cost, at PVCCI, or at own

The classification of financial seases at initial recognition depends on the financial sease's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade remischine that do not contain a significant financing component or for which the Group has applied the prectical expedient, the Group initially removes a financial seast at its fair value plus, in the case of a financial seast set at PFFs, transaction mate. Teach receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are removed at the transaction price determined under FFRS ty.

In order for a financial exect to be elamified and measured at amortized must or at FVEES, it needs to give rise to each flows that are 'molely payments of principal and internet' on the principal amount cutstanding. This successes is referred to as the 'solely payments of principal and internet test' and is performed at an instrument level.

The Group's luminum model for manufact financial amote refers to lose it manages its financial amote in order to generate such flows. The business model determines whether such flows will result from solicating contracted each flows, solling the financial amote, or both.

Purchases or sales of financial assets that require delivery of sames within a time forms established by regulation or convention in the market place (regular very trades) are resugnized on the trade date, i.e., the date that the Broup constitute purchase or sell the same.

As of December 31, soil 8, the Broup's financial assets comprise of financial assets at amortized sost.

- Belange art mousement Financial service at americal axet
   Financial service are measured at americad sort if both of the following conditions are mate:
  - the sent is held within the Group's luminous model whose objective is to hold sents in order to collect materials also bloom; and
  - the contracted terms of the instrument give rise on specified dates to each flow that are solely payments of principal and interest on the principal amount contracting.

Financial amount at suncritized cost are subsequently remound using the elimine interest method and are subject to impairment. Sains and lease are recognized in profit or less when the exact is desconguised, modified or impairmet.

The Group almoified cash in burks and mah equivalents, reachables, and commutan financial reachable or financial, exects at amortized cost (see Rotes 5, 8, and to).

### a Downstalia

A financial asset (or, where applicable, a part of a financial asset or part of a group of financial sames) is development where

- the right to receive each flow from the seast less expired; or
- tim Group has transferred its right to reserve cash flows from the exact or has assumed an obligation to pay the
  nucleod cash flows in full without material delay to a third party under a pass through energy and
  sither (I) tim Group has transferred substantially all the risks and research of the exact, or (II) the Group has
  written transferred nor retained substantially all the risks and research of the exact, but has transferred control
  of the exact.

When the Group has transforred its rights to receive each flows from an exact or has extend into a pass-through arrangement, it contains it, and to what extent, it has retained the risks and remarks of concerting. When it has neither transformed nor retained substantially all of the risks and research of the exact, nor transformal control of the exact, the Group continues to recognize the transforred exact to the extent of its continuing involvement. In that exact, the Group also ranginizes an exaction liability. The transforred exact and the exactional fieldity are exacted on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transformal seast is necessed at the lower of the original corrying amount of the seast and the maximum amount of consideration that the Broup scale he required to repay.

### ती. अस्तुवर्धानस्तर

The Group rangitizes as allowance for ECLs for all debt instruments not hald at PAPL. ECLs are bessel on the difference but seen the contractual costs flows that the Group expects to receive, discounted at an approximation of the original effective interest rate (EH). The expected costs flows will include costs flow from the sale of collectual held or other credit enhancements that are integral to the contractual terms.

For those credit exposures for which there has been a significant instead in wealth side since initial recognition, a loss allowance in required for credit losses exposted over the remaining life of the exposure, irrespective of the thirty of the children (a lifetime ECA).

For remirables and contract exects, the Group applies a simplified approach in admirating ECLs. Therefore, the Broup does not truck changes in wealt risk, but instead remogrices a loss allocance bound on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical small loss experience, adjusted for funeral-looking feature specific to the debices and the communic environment.

The Group considers a financial accept in definite when contracted payments are ninety (30) up to one hundred eighty (30) slope part their due dates. However, in certain mass, the Broup may also consider a financial accept to be in definite when internal or external information indicates that the Group is unlikely to numbe the outstanding contracted amounts in full before taking into account any small enhancements held by the Group. A financial exset is written off when there is no numerable expectation of removering the contracted cost flows.

#### Character States Name

### क अधीर्वा स्वयक्त्रां स्वीतित

Financial Exhibites are classified, at initial recognition, sitting as financial Exhibites at PVPI, been and borrowings, psychias, or as derivatives designated as hedging instruments in an effective length, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and psychias, not of directly attributable transaction made.

As of December 21, 2018, the Broup's Securit Statistics surrouse of Securit Schillities at securized cost.

### h. *Bristopeast* management

After initial recognition, other financial Sublities are subsequently associated at exertical most using the effective interest methods.

Sains and loans are margicled under the "Other income (appears)" account in the councilisted statements of comprehensive income value the fieldibles are descontained or impaired, and through the "interest expense" amount value the pairs and house are assortions.

This accounting policy applies to the Broup's accounts and other psychies, and other obligations that must the shows definition (other than liabilities covered by other accounting standards, such as pseudos liabilities, income tax psychis, and other statutory liabilities).

### a Dominica

A firmulal Bability is descongained when the obligation under the Bability is discharged or canceled or has expired.

When we calculate the substantially inreplaced by wrother from the same lander on substantially different terms, or the terms of an emitting Bability are substantially modified, such an embassis or modification is trusted as a descongalities of the original liability and the respective sample; amounts is recognized in the Broug's supporternise income.

### Office that Financial Instruments

Financial amote and financial Subfilies are officer and the net amount reported in the commission statements of financial position, if and only if, there is a narrowty enformable legal sight to offset the encognized amounts and there is an intention to settle on a set basis, to ensize the asset and settle the liability simultaneously. The Broup seasons that it has a currently enforceship of offset if the right is not somingent on a future event and is legally enforceshie in the sormal course of business, event of defeats, and event of insolvency or basis uptry of the Broup and all of the counterparties.

### Recognition and Planetserment of Financial Instruments (Prior to Adoption of 1998 s)

### Outo of receptables

The Group remajokes a financial exact or a financial liability in the connecidated statements of financial position when it becomes a party to the neutrockal provisions of the instrument. Purchases or sales of financial assets that require addisony of assets within the time financial assets that require addisony of assets within the time financial assets that require addison or neutrockal in the marketplace are ranginized on the settlement date.

#### and their recognitions

All financial among are initially recognized at fair value. Except for financial among and liabilities at PAPL, the initial removement of financial among and liabilities includes transaction musts. The Broup classifies its financial among in the following enterprise: financial among the PAPL includes to extensity (ATM) investments, available for sale (ATM) financial among and loose and receivablies. The Broup classifies its financial liabilities as either financial liabilities at PAPL or other financial liabilities. The characteristics depends on the purpose for which the investments were acquired and whether these are quoted in an active resolute. Puragraphs determines the characteristics of its investments at initial recognition and, where allowed and appropriate, re-evaluates such designation at every reporting dates.

Financial instruments are classified as liability or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains, and losses relating to a financial instrument, or a component that is a financial liability, are reported as expense or instance. Distributions to includes of financial instruments absolited as expity are sharped directly to equity, not of any related income tax bounds.

As of Omember 21, 2017, the Group's financial instruments primarily comist of loans and removables and other financial. Habilities.

#### Ory t profit

For transactions other than those related to customers' gasessty deposits and other deposits, where the transaction price is a non-active market is different from the fair value from other observable servest workst transactions in the same instruments or hand on a valuation technique whose variables include only data from observable market, the Broup recognizes the difference between the transaction price and fair value (a "Day 1" profit in profit or loss under "Other income" values it qualifies for maniphition as some other type of assect or liability. In sames whose use is made of data which is not characteristic, the difference between the transaction price and model, while is only recognized in profit or loss when the inputs became observable or when the instrument is description. For each transaction, the Broup determines the appropriate mathed of recognizing the 'Day 1' profit amount.

#### Ontadalal daria tira

An embedded durinative is separated from the host contract and accounted for an a durinative if all of the following conditions are not: (a) the accounts characteristics and risks of the embedded durinative are not alonely related to the economic characteristics and risks of the host contract; (b) a separate instrument with the same terms as the archaelded derivative would meet the definition of a derivative; and (c) the hybrid or combined instrument is not recognized at PVPL. Embedded durinatives are assumed at his value with his value changes being reported through profit or loss and are carried as assuts when the fair value is positive and as liabilities when the fair value is positive and as liabilities when the fair value is positive and as liabilities when the fair value is positive.

Subsequent resonances is prohibited unless there is a sharpe in the terms of the contract that significantly would be free cash from that otherwise would be required under the contract, in which non-resonancest is required. The Group determines whether a modification is the each flow is eignificant by considering the extent to which the expected fature making a summitted with the exhaulted derivative, the host contract, or both have observed and whether the charge is significant relative to the previously expected such flows from the contract.

The Group has certain alously and abusely related derivatives that are embedded in the host contract (such as long-term debt), which do not require bifurcation.

### Large and recoled to

Loss and reschebbes are financial seasts with final or determinable payments and fixed maturities that are not quoted in an active reachest. These are not extend into with the intention of immediate or short-term resule and are not designated as AFB financial seasts or financial seasts at PAPL. These are included in current assets if maturity is within teative (its) mostles from the reporting data. Otherwise, these are shoulded as concurrent assets.

After initial measurement, lease and medivables are subsequently measured at assortized cost using the EM method, lease allowance for impairment. Amortized cost is submissed by taking into account any discount or pressions as suspicition and fine that are an integral part of the editative interest rate. The assortization is included in "interest immore" in profit or lease. The leases arising from impairment of such losses and reacheables are recognized as "Provision for probable leases and doubtful associate" in profit or lease.

This seconding policy applies primarily to the Broup's makin barks and mah equivalents, receivables, nonministrative forms and other current masters and other nonsurrent master, and schemes and manifolds from related parties.

#### Other Remodel Lieb III ber

terned financial instruments or their components, which are not designated as at PVPL are shoulded as other financial liabilities where the substance of the contractual arrangement results in the Group having an obligation either to deliver cosh or another financial seast to the holder, or to satisfy the obligation other than by the exchange of a final amount of such or another financial seast for a fixed number of its cosmognity shares. The components of issued fisancial instruments that contain both liability and expirity alements are accounted for superstudy, with the equity component being assigned the residual amount, after destucting from the instrument as a whole the amount superstudy determined as the fair value of the liability surseponent on the date of issuence.

After initial measurement, other i manial inhibition are subsequently measured at amortized cost using the elimine interest rate method. Amortized cost is minuted by taking into account any discount or pression on the imme and fees that are an integral part of the elimine interest rate. Any effect of resistancest of foreign currency describeded liabilities is recognized in profit or loss.

This seconsting policy applies primarily to the Broup's long-term slobt, service concernion obligation, accounts and other payables compt statutory flabilities, materians' generally deposits and other deposits under other nonuncent fishibities, payable to related parties and standardies, and other payables that must the above definition (other than liabilities covered by other somewhat, such as penaless liabilities and immune tempsychic).

# Borsonghillon of Financial Ameta and Financial Linkillian (Prior to Adoption of FFRS a)

A financial asset for, where applicable, a part of a financial asset or part of a group of financial assets) is development where

- the right to receive each flow from the each has expired;
- the Broup retains the right to remive each flow from the same, but her assumed as obligation to pay there in full without material delay to a third party under a "pear-through" arrangement; or
- the Broup has transferred its right to reache each flows from the exact and either (a) has transferred substantially
  all the right and reserves of the exact, or (b) has written transferred nor retained the right and research of the exact
  but has transferred the control of the exact.

Where the Broup has transform its right to reache much fines from an asset or has extend into a "pass-through" arrangement, and has neither transform our retained substantially all the risks and research of the exact nor transformed control of the exact, the exact is resulptical to the astest of the Broup's continuing involvement in the exact. Continuing involvement that takes the form of a generates over the transformed exact is necessarily the large of the original marying amount of the exact and the remainism amount of consideration that the Broup could be required to repay.

### d \_\_\_\_\_

A financial Bability is descriptional when the obligation under the liability is disclaraged, manufact, or has expired. Where an existing financial liability is replaced by another financial liability from the same barder on substantially different terms, or the terms of an existing Bability are substantially modified, such an exchange or modification is trusted as a description of the original liability and the recognition of a new liability, and the difference in the respective easying amounts in recognized in profit or loss.

### Office that Financial Instruments (Prior to Adoption of FFEI c).

Financial amots and financial Rabillion are officet and the set amount reported in the commission statements of financial position E, and only E, there is a currently enformable legal eight to officet the recognized amounts and there is an intention to settle on a set basis, or to realize the amount and settle the liability simultaneously.

### Impelement of Firmerical America (Reion to Adoption of 1998 g).

The Group assesses at such reporting date whether there is objective evidence that a fiscacial anest or group of financial anests is decreal to be impaired if, and only if, there is objective evidence of impairment as a mount of one or more events that has commed after the initial recognition of the anest (an incurred Total event) and that has event (or events) has an impact on the estimated future such flows of the financial anest or the group of financial assets that can be reliably estimated. Objective evidence of impairment may include industries that the borrower or a group of horosces is experienting significant financial difficulty, default or definite may in interest or principal payments, the probability that they will enter benfountsy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated fature each flows, such as always in arrows or monomia condition that correlate with default. For the Broup's receivables from sustances, without of impairment may also imbale non-enfaction of the Group's trade receivables, which remain unpaid after thirty days from bill generation.

### Large and received by

For loans and receivables married at amortizal most, the Group first amones whether objective widence of impairment exists individually for financial amone that are individually significant, or unfectively for financial amone that are not individually significant. If the Broup determines that no objective existence of impairment exists for an individually amound financial amone significant or not, it includes the amont in a group of financial amone with similar neally risk observables and collectively amound for impairment. Those sharestriction are relevant to the estimation of future seek flows for groups of such amones by being inclinative of the deletors' ability to pay all amounts due according to the nontractual terms of the amone being availabled. Assets that are individually assessed for impairment and for which as impairment loss is, or continue to be recognized, are not inclinated in a collective assessment for impairment.

If there is objective evidence that an impairment has has been insured, the amount of the loss is measured as the difference between the amount arrying amount and the present value of the entirented future such flows (analoging future small) have that have not been incurred). The corrying amount of the same is reduced through one of an allowance amount and the amount of loss is sharped to profit or loss. Interest insures continues to be recognized lasted on the original efficiely interest rate of the amount. Recolvoides, together with the amounted allowance amounts, are written off when there is no realistic prospect of future recovery.

if, in a subsequent year, the amount of the estimated impairment loss descenses because of an event coording after the impairment was reacquised, the productly recognized impairment loss is received. Any subsequent reversal of an impairment loss is morphised in profit or loss, to the extent that the carrying value of the exact does not exceed its anartical cost at the reversal date.

For the purpose of a suffertive evolution of impairment, financial exects are grouped on the leads of such oralitrials of several trials and sent an industry, sustainer type, sustainer leading, part-the status and term. Fature each flow in a group of financial sents that are suffectively evaluated for impairment are estimated on the besis of historical less superiors in adjusted on the leads of current observable data to reflect the effects of current conditions that did not affect the period on which the historical less experience is laced and to remove the effects of conditions in the historical period that do not sufe currently. The restlections and assumptions used for estimating laters may be averaginarly by the Group to reduce any differences between less estimates and satural loss apprisons.

### ومتحضم

inventories are valued at the lower of cost or not realizable value (NEV). NEV is the entirented selling prim loss estimated costs to complete and to sell. The cost is determined using the moving average method for all inventories, compt for now realizable and finished goods. The cost of new realizable and finished goods are determined based on the periodic script test everage method.

The cost of new materials includes all mosts directly attributable to their acquisition.

Brisland growth include the most of our natorials, direct below, and a proportion of manufacturing overhead.

### Propried Experience

Prepaid expenses are maried at continue the amortizal portion. These typically include propagators for husiness tense, insurance and employee health case expenses and other benefits, as well as propeid communion fees of Lagran Water with the PSA.

### Property. Plant and Equipment

Property, plant and equipment, except heal, are stated at most less accumulated depreciation and amortization and any impairment in value. Land is stated at most less any impairment in value.

The initial most of property, plant and equipment comprises its perchase price, including import states, term and any directly attributable costs of bringing the property, plant and equipment to be working condition and location for its intension me, including capitalized borrowing must immend during the construction period. Expenditures immend after the property, plant and equipment level been pet into operation, such as repeirs and maintenance, are normally charged to operations in the period in which the costs are immend—in situations where it can be already demonstrated that the expenditures have resulted in an increase in the fature economic boundto expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the aspecialises are capitalized as additional must of the related property, plant and equipment.

Reprodution and amortization of property, plant and equipment commence once the property, plant and equipment are evaluate for me and are calculated on a straight-line basis over the estimated metal lives (BJL) of the property, plant and equipment as follows:

Leanfield improvements gyour or have turn, whishever is shorter

Sycars or the term of the related management soutseet, whitelever is shorter fleet and technical equipment

Office ferriture and equipment a to 5 years Transportation equipment Буюнти

The BUL and depreciation and amortization method are reviewed periodically to course that the period and method of depreciation and emerication are committent with the expected pattern of excessoric baselite from items of property, plant and my migratests.

Construction in progress represents property, plant and equipment under construction and is statual at most including mutural construction and other directs mutu. Construction in progress is not depreciated actil such time that the relevant exects are in the location and nordifion manuscry for it to be expelle of quanting in the narrow intended by management.

When property, plant and equipment in retired or otherwise disposed of, the most and the related scoundated depreciation and amortization and assumulated impairment, if any, are removed from the assumts and any resulting gain or loss in credited to or charged against current operations.

### Service Concession Amets and Obligations.

The Group amounts for its communion arrangements with MWSS, PSL, TIEZA, CDC, CWO, and CWO under the intengible Amet randed as it receives the right (fearur) to charge wars of public service. Under the Group's communion agreements, the Group in granted the sale and maken'ngfet and discretion during the communion period to manage, compy, operate, repair, resistais, decountinion and refurbish the identified facilities required to provide sater services. The legal title to these emoto shall transfer to 19988, PSL, TEZA, CDC, DWB, and DWB at the seal of the communion period.

On the other hand, the communion arrangements with PBC and TWO are accounted for under the Financial Amet model, or it has an uncombitional numbrantual right to receive each or other financial exact for its numbrantion services from or at the direction of the greater. Dader the concession arrangement, Cabu Water and Taglars Water are severded the right to deliver bulk water supply to the givetor for a specific period of these under the exposurion period.

During the construction phase of the arrangements, the Broup's contract exact (representing its economicaling right to be paid for reliabilitation world) is presented as part of "Bordon surrounders assets" (SCA) for intengible Asset model, and under "Doubset Ameio" for Financial Amet model. The SEA also include the fair value of the survice assessment obligations at drawdows data and other local component mate and most overnoon paid by the Broup.

Amortization of SCA non-monors own the SCA are available for one and are substituted on a straight-line basis over the remaining noncomion pariod. Buginning Hey 1, 2017, the Ferent Company, Burnary Water, Clark Water, and Legune Water's vator and usual vactor excets are amortized using the units of production (UOP) method over the estimated total billable volume for the remaining period of the respective communion agreements to letter reflect the range of time assets, which is directly related to its artifected total billable volume and is aligned with industry practice. This charge is method resulted to Pggs, g8 million reduction of amortization expense from Pky 1 to Danmider 21, 2017.

### investments in Associates

An amodatu is an entity in which the Group has shjellimet infloence and which is unitlest a subsidiary. Significant influence is the power to perilaipate in the financial and operating policy decisions of the investors but is not normal or joint normal over them policies.

The considerations made in determining significant influence is similar to those resummy to determine control over

The Group's investments in its associates are associated for using the equity method.

Under the equity mathed, as investment in an amodate is initially reaughted at cost. The marying amount of the investment is adjusted to recognize alarges in the Group's share of act exects of the executive along the equilibition date. Goodwill. relating to the securists is included in the corrying security of the investment and is not tested for impairment separately.

The consolidated statument of comprehensive immore reflects the Group's share of the results of operations of the associate. Any change in the other comprehensive income. In addition, when there has been a change recognized directly in the equity of the associate, the Group recognizes its share of any sharges, when applicable, in the consolidated statument of changes in equity. Unrealized gives and lower resulting from transactions between the Broup and the associate we eliminated to the astern of the interest in the associate.

The aggregate of the Broup's share of profit or how of an associate is above on the face of the consolidated statement of comprehensive income outside of operating profit and represents profit or how after the and concentraling interests in the subsidiaries of the associate. If the Group's share of hours of an associate equals or example its interest in the associate, the Group discontinuous mongalising its above of further lowers.

The financial statements of the amounts are prepared for the more reporting period as the Broop. When amounts, adjustments are made to bring the accounting pulicies in line with those of the Broop.

After application of the equity method, the Broup deturnines whether it is accountry to rescription on impairment loss on its inventment in its associate. At such reporting date, the Broup determines whether there is objective evidence that the inventment in the associate is impairment at the difference between the recoverable amount of the associate and its marrying value and then managinizes the loss as "Equity share in set impaire of associates" in the socialistical statement of comprehensive incomes.

Upon loss of significant influence over the essentiate, the Broup measures and mangistees any rotational investment at its fair value. Any difference between the corrying amount of the security upon loss of significant influence and the fair value of the rotational investment and promote from disposel in recognized in profit or loss.

### Important Combinations and Combill.

Instrum combinations are accounted for using the acquisition method. The most of an acquisition is measured as the aggregate of the consideration transformed, resourced at acquisition date fair value, and the acquisition for any accountraling interest in the acquires. For each business combination, the Broup shade whether to measure the acquisition related in the acquires either at fair value or at the proportionate share of the acquires's identifiable net seems. Acquisition-related costs are supersed as incurred.

When the Group exquires a business, it assesses the financial easets and liabilities assumed for appropriate describestion and designation in econordams with the contractual terms, economic abcountances and participant conditions as at the exquisition date. This instudes the expansion of endedded designatives in least contracts by the empires.

If the luminum combination is entitlered in stages, the sequinition date fair value of the sequina's previously held equity interest in the sequince is remeasured to fair value at the sequisition date through profit or loss included under "Remonsurement gain (loss) whising from humans combination."

Any contingent nonsideration to be transferred by the acquirer will be recognized at fair value at the exquisition date.

Contingent nonsideration classified as equity is not remeasured and its nulnequent noticement is accounted for within equity.

Contingent nonsideration classified as an exact or liability that is a financial instrument and within the scope of PFRS g, is remeasured at fair value with the changes in fair value managinized in the statement of profit or loss is accordance with PFRS g.

Other contingent consideration that is not within the suope of PFRS g is measured at fair value at main reporting date with changes in fair value ranginized in profit or loss.

If the initial amounting for a business combination can be determined only provisionally by the end of the pariod is which the combination is affected business either the fair values to be amigred to the ampirer's identifiable assets, Rabilities or combination using those provisional values. The ampirer shall recognize any adjustments to those provisional values as a result of completing the initial accounting within terotes ((2) months of the ampirition date as follower () the completing amount of the identifiable asset, liability or combingent Rability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (8) graduall or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, Rability or constingent Rability Issing recognized and the parameter as if the initial accounting has been completed from the acquisition date.

Conclude is initially assumed at cost where must is the causes of the appropriate of the consideration transferred and the amount recognized for noncontrolling interest over the set identifiable assets acquired and field this assets. If the fair value of the set assets acquired is in causes of the aggregate consideration transferred, the Group re-assesses whether it has convexity identified all of the assets acquired and all of the Sabilities assessed and reviews the promotives med to remanuse the amounts to be encognized at the acquiridion date. If the reseasement still results in an exacts of the fair value of not assets acquired over the aggregate consideration transferred, then the gain is recognized in profit or loss and included under "Other income (expenses)."

Reliating initial recognition, goodself, in reconsend at cost less any accumulated impairment loss. Cooksilf, in reviewed for impairment, accumily or more impossing value may be impaired. For purposes of impairment testing, goodself acquired in a business combination is, from the acquiriditor date, allowed to each of the Broup's man-general against (CSMs), or groups of CSMs, that are expected to benefit from the symmetry of the combination, irrespective of whether other accets or liabilities of the Broup are assigned to those units or groups of units. Each unit or group of units to which the goodself is allowed should:

- represent the local level within the Group at which the growbill is monitored for internal management purposes;
- not be larger than an operating regiment determined in naturalance with PTES, Operating Segments

Occesionally, an exquirer will make a bergain purchase, which is a huntime combination in which the the net of the acquisition-date arounds of the identifiable seems supplied and the liabilities assumed resourced exceeds the aggregate of the somitionation transformal.

infere many izing a gain on a bargain purchase, the acquirer shall resonant whether it has correctly identified all of the exects acquired and all of the liabilities assumed and shall recognize any salelitonal assets or liabilities that we identified in that review. The sequirer shall thus review the procedures used to necessre the assumes to be recognized at the acquirition date for all of the following:

- a. the identifiable seems sequired and fieldities servered;
- b. the non-controlling interest in the sequires, Flangs
- for a business combination achieved in stages, the acquires's previously held equity interest in the acquires; and
- d. the amidentian transferred.

If that excent remains after applying the requirements above, the acquirer shall remajoke the resulting gain in profit or loss on the acquirition date. The gain shall in attributed to the acquirer.

Where goalwill forms part of a CSU (or group of CSUs) and part of the operation within that wit is disposed of, the goodwill, executated with the operation disposed of is included in the manying amount of the operation when determining the gain or loss on disposed of the operation. Boodwill disposed of in these circumstances is measured based on the relative values of the operation of the CSU retained.

### Water Banking Rights

Water banking rights are amounted for as an intengible seast with indefinite until life. These partain to the parall acquired superately, and are renogalized as an intengible seast as these wave insend by the National Water Recognized Sound (NWRII) without as explicit provision on the period of elicativity. Costs insurred for the acquirition of water banking rights are capitalized and unassued on initial recognition at cost.

Presidential Dearm No. 1087, who known as the Water Code, states that water paradic shall continue to be waitd as long as water is beneficially used. The rights may be suspended or revoked based on certain grounds such as non-compliance with approved phone and specifications or solvables of water distribution, and use of water for a purpose other than that for which it was givened.

All sater parails are subject to modification or sancellation by the NAME, after due action and hearing, in favor of a project of greater boundarial one or for multi-purpose development, and a sater paralities who saffers thereby shall be duly compensated by the satisty or person in values favor the cancellation was made.

### Impairment of Nonlinencial Assets

This accounting policy applies primarily to the Broup's property, plant, and equipment, SCA, investments in associates, such backing rights, and other surrent and nonunrunt associa. The Broup associate these nonlinearist associate, casheling system backing rights, at each reporting date whether there is an indication that as associate papered. If any such indication exists, or when associate of the associate season in equipment testing for an associate opinion, the Group nades as estimate of the associate resoverable associate.

Water harking rights with indefinite useful life are tested for impairment annually at the CSU level. Such intengibles are not amortized. The life of an intengible asset with an indefinite life is reviewed assembly to determine whether the indefinite life outsiness to be supportables. If not, the shange in the life from indefinite to finite is made on a prospective basis.

An aust's removeship arount is minuted as the higher of the same's or USE's his value less not of deposal and its value in use and is determined for an individual same, unless the aust does not generate each inflows that are largely independent of those from other masts or groups of sames. When the samping amount of an aust exceeds its recoverable amount, the easet is samiliared impaired and is written down to its recoverable amount.

is exeming when in me, the estimated future such flows are discounted to their present value using a pre-tax discount rate that reflects surrent market exemunent of the time value of money and the risks specific to the same. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions are to identified, as appropriate valuation model is used. These calculations are composed by valuation multiples creation fair value indicates. Impairment leasts of continuing operations are recognized in profit or less in these expense saturates consistent with the function of the impaired exect.

For exacts cooling graduall and exter harbing rights with indefinite life, an assument is made at each reporting data as to whether there is any inflation that proviously mangiched impairment leaves may no longer what or may have decreased. If such indication exists, the recoverable amount is estimated.

A previously recognized impairment less in reversed only if there has been a charge in the artimates used to determine the exect's recoverable amount about the last impairment less was recognized. If that is the area, the complete amount of the exect is increased to its recoverable amount. That increased amount occurs were different for the amount has been recognized for the amount in prior years. Such reversed in recognized in profit or less unless the amount is surried at revolucid amount, in which case the reserved is tracted as revolucion increase. After such a reversed, the depreciation and amounts after the special in future periods to allocate the security revised according amount, less any residual value, on a systematic hade over its remaining amount, less any residual value, on a systematic hade over its remaining amount, less any residual value, on a systematic hade over its remaining amount, less any

### lower.

The determination of whether an arrangement is, or mortalise a lease, in based on the substance of the arrangement at inception data of whether the fulfillment of the arrangement is dependent on the use of a specific ansat or assets or the arrangement surveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

A resonance to make after the inception of the lease only if one of the following applica:

- there is a sharge in nontrasted terms, other than a removal of or extension of the arrangement;
- a reversal option is exembed or extension greated, unless the term of the reversal or extension was initially included in the loans term;
- there is a sharge in the determination of whether fulfillment in dependent on a specified exact; or
- d. there is a substantial sharge to the aust.

Where recomment is made, have convuring shall commence or come from the date when the shange is strumstances; give rise to the management scenarios (a), (a) or (d) and at the date of reneral or extension period for moments (b).

A lease where the leaser ratal as substantially all the risks and benefits of camerality of the exact is also ified as an operating lease.

### Revenue Renogation (Upon the Adoption of FREE ts.).

Revenue from contracts with materians in recognized when mortrol of the goods or services are transferred to the material at an amount that reflects the consideration to which the Group expects to be emitted in embange for those goods or survices. The Group has generally wondeded that it is the principal in its revenue arrangements. The following specific recognition criteria must also be until before revenue in recognized.

### Revenue rangisted over time using extract mathed

The Group recognizes revenue from uniter and ensuring conviews, environmental sharps, operation and resistances services and performance fees over time using output method. As a prestical expedient allowed under PFRS to, the Group recognizes revenue in the amount to which the Group has a right to involve since the Group hills a fixed amount for every cubic meter of nature delivered or REW recovered.

#### Water and searer revenue

Water and more revenue are recognized over time as the number remives and nonement the benefit from the purformance of the related water and accorage medium. Water and accorage are billed every month amorting to the bill cycles of the materials. As a result of bill cycle set-off, anothly service revenue month but not yet billed at end of the month are satisfacted and according to the month are satisfacted and according to the materials. Also, transfer persons (a.6%) of actor revenue is recognized by the Parent Company as environmental sharps.

# Operation and maintenance services Revenue from operation and maintenance services is recognized over time as the operation, maintenance and managine at services of Boolingia Water Corporation (BWC).

### Parkermann from

Performance from are recognized as revenue over time as the MRW are resovered as agreed in the MRWSA with 2DWS.

The Group has determined that the output method is the appropriate method in measuring the progress of the noneculion survices, project management services, and pipearories and integrated used under conduct since this depicts the Group's performance in managing and providing service connection from uniter and used system facilities to the developments.

### Connection form

Constition fees are amounts paid by materians in conleage for the act-up of a normation from the sustance's establishment to the Group's water or sensor material. Enveron from commution fees is recognized over time using the cutput method based on time elapsed over the partial value the related water and source survives are expected to be provided.

### Beparalder from

Supervision foes arise from MMTV, Aque Centro, and Lagues Water's seasonnee for putable vater and effective und vater servines for user developments, functions includes, but not limited to the provision of design and project reasognment servines in the development of sector and mod vater facilities. Revenue from supervision fees is recognized over these using an extract method. Under this method, program is measured using survey of performance completed to date and milestone reasons. This is bessel on the work amount informat report propered by the project contractor and reviewed and approved by the project management head.

### Resente from pipewaria and integrated send water our visco

Revenue from pipeacets and integrated med unter services is remajorized over time as the unter and neutronator network related services are reminered using an entput method. Dudor this method, program is summered using survey of performance completed to sketc and militations reached. This is based on the north-compilal ment report proposed by the project contractor as approved by the project management land.

### Revenue receiptant over three using legal method

The Group determinal that the input method is the appropriate method in measuring program of the minibilitation works, construction revenue, and service fees because there is a direct relationship between the Broup's effort (i.e., actual methods incorrect) and the transfer of service to the customer.

### Reserve from reim billioties marks and Cost of reim billioties marks

Evenus from reliabilitation works is equivalent to the related most for the reliabilitation works soveral by the service concession arrangements which is reneglicial as part of contract anoth included under 82A or concession financial receivables and partials to revenus from construction or upgrade services. Evenus from reliabilitation works is recognized over time, using input motions. Under this method, progress is measured by reference to the asteroistic incurred to date.

Construction revenue when from the NEWSA with 2000 for the establishment of district matering areas. Revenue from construction services is recognized over time, unjugit pout method. Under this method, program is measured beard on actual mats fearmal on materials, labor, and overhead relative to the total project coats.

#### Bor váro Řem

Service fees for technical aminimos extended to 2000 are recognized over time, using input mathod, when the related services have been remisred to the 2000s. Durier this method, progress is measured based on actual mosts immed on reseposes and overhead relative to the total project costs.

### Revenue reception at a point in time

### Obstrike to m\* fee

third below fee is recognized as revenue at a point in time when souted of the trade assets has been transferred to the distributor, generally upon delivery of the related exerts.

### Reserve from puringed serior

Revenue from pushaged water and other water related products is reaughked at the point in time when control of the goals is transferred to the distributor, governily upon receipt of the related product, to the numbers.

#### Other aparating framework

Other mustamer related fees such as renounceding and disconnection fees, immediate mustamers late payments, income from suptice studge disposal, and insures from basteriological vector analysis are recognized at a point in time when the nortral over these good or services have been transformal to the sectionar.

### in in cost fractions

interest income is recognized as it sensess, taking into amount the effective yield of the senses.

For all financial instruments measured at amortized cost, interest become is recorded using the EM. EM is the rate that country elements the estimated future such payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the next surrying amount of the financial seast or fishility. Interest income is included in financianne in the amedicated statement of comprehensive income.

# Contract Balances. Reneisables

A remissible represents the Group's right to an ensount of consideration that is unroundfrond. (i.e., only the passage of time is required before payment of the consideration is size).

### Service and the said

A nortrest exect is the right to consideration in embarge for goods or services transferred to the customer. If the Group purforms by transferring grants or services to a customer before the payment in due, a contract asset is recognized for the correct annual location that is conditioned.

### Contrast Reb IIII

A nortical Bability is the obligation to transfer goods or survious to a scatourer for which the Group has read combination for an amount of combination is the) from the materior. If a materior page monitoration before the Group transfers globals or services to a customer, a contract liability in recognized when the payment is made or the payment is also (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

### Revenue Renogation (Prior to Adoption of PFES1s).

e is recognised to the extent that it is probable that the excreasin benefits will floor to the Broup and the revenue ma be reliably measural, regardless of when the payment is made. However is removed at the fair value of the consideration received or remirebin, taking into account contractually defined terms of payment and endualing terms or duty. The following specific recognition criteria mest also be met before revenue is recognized.

#### Mileton and source communi

Water and more revenue are mongished when the related union and sensingly services are remiered. Water and sensingly are billed every month amounting to the bill cycles of the customers. As a result of hill sycles sub-oil, monthly service revenue corned but not yet billed at such of the month are estimated and secured. These estimates are based on historical consumption of the customers. Also, twenty persent (so%) of water revenue is recognized by the Parent Company or environmental sharps.

#### Connection from

Revenue from commention fee in recognized entright upon when the material's establishment is normalised to the Group's water or sugar notices.

### Revenue from rehabilitation works and Cost of rehabilitation works

Revenue from rehabilitation works is remajoked and remound by the Group in accordance with PAS 11 for the construction and PAS 18 for the service. This includes revenue from rehabilitation works which is equivalent to the related cost for the rehabilitation works covered by the service summation arrangements which is recognized as part of SCA.

### Reportation from

Supervision fees are recognized using the percentage of completion method of assuming, assumed principally on the basis of the physical properties of the contract work to the activated completion of a project.

#### Country villes commen

Construction reserve which from the 1889SA with 2090 is recognized by reference to the single of completion of the construction satisfy at the end of the reporting paried.

### Revenue from pipewerks and brings and ward water an view

Revenue from pipeacries and integrated used unter services is remarked when the related unter and seateranter network related services are rendered.

#### Olivic Harden of The

Eistributers' fee in recognized when significant sisk and research of concerdip of trade seems have been transferred to the distributor.

## Revenue from puninged on ter

Revenue from packaged varies and other water related products is recognized when the significant risks and remarks of camerable have been transferred to the materiars. The timing of transfers of risks and remarks writes depending on the individual turns of the contract of sale but usually course when the suntoner measures the product.

### Operation and maintenance are visco

Service for income in recognized when the operation, maintenance and management revolves have been rendered for unturand wrote water facilities of SWC.

### Parlamento los

Performance from any recognized when the NSOV has been recovered beand on specific targets and subsidial as agreed in the MSOVSA with 20049.

### Boreio fore

Service firm for technical amintance extended to 2000 are renoghized when the mixted services have been rendered.

### Other eparating income

Other customer related fees such as reconnection and disconnection fees, immore from customers late payments, income from suptic studge disposal, and immore from becominingfuel seater analysis are recognized when these services have been rendered.

### in instant framewo

interest income is remajorized as it sensure, taking into amount the effective yield of the sensus.

For all financial instruments measured at amortized uset, interest bosons is recorded using the effective interest rate. EM in the rate that exactly discounts the estimated future make payments or resulpts over the superiod life of the financial instrument or a shorter pariod, where appropriate, to the net samping around of the fluorial seast or liability, interest income is included in finance immore in the sometiletted statement of comprehensive immore.

### Cost of Seniors and Operating Expenses.

Costs and expenses are resugnized in profit or loss when a decrease in future exponents benefits related to a decrease in an asset or an increase in a liability has arises that non-be summed reliably. These are recognized:

- on the basis of a direct executation between the most incorred and the coming of specific items of income;
- on the basis of systematic and rational allocation procedures when encounts benefits are expected to arise over several amounting periods and the samulation was only be broadly or infirmity datermined; or,
- installately when expenditure produces no future excusaria benefits or when, and to the extent that, future
  excusaria benefits do not qualify or some to qualify, for ranginition in the consolidated statement of financial
  position as as exect.

Cost of services and operating separates are secured at the amount paid or pepalse.

### Revige Currency Commission Transactions

Revelop contactly of the extinct from tension memory transmisses are needed to or charged against operations. For the Perent Company, or approved by the MMCS SUT under Americanst Mo.1 of the Communica Agreement, the following will be recovered through billings to maximum.

- restatunest of foreign surrancy-denominated losses;
- b. excess of satural concernion fee payment over the amounts of communion fees translated using the hare embarge
  rate assumed in the business plan approved every rate rebusing exercise. The current base such angular is
  Pgs. 18:0/Qt.coc based on the latest rate rebusing exercise effective January 1, 2018.
- comes of satual interest payment translated at eachings spot rate on extrement date over the second of interest translated at decadous rates and
- d. excess of satual payment of other financing sharpin relating to foreign surrouncy-denominated barrs translated at exchange spot rate on settlement data over the excent of other financing sharpin translated at denotions rate.

For Bornony Water, its communion agreement with TIESA allows for the recovery of the following from its number or a

- restatusest of foreign surrang-denominated losses;
- b. cases of satual interest payments translated at embagic spot rates on solitonest dates over the amounts of interest translated at agreed base rate; and
- comes of satural payments of other financing charges relating to family commany-demonstrated loans translated at mathematic spot sates on settlement dates over the amount of other financing charges translated at agreed language.

The functional and presentation currency of the Perest Company and its Philippine subsidiaries in the Philippine Peres. Each entity in the Group determines its own functional surrowsy and items included in the expects foundal statements of each entity are removed using that functional currency. Transmittens in foreign currencies are initially removed by the Group's entities at their respective functional currency spot rates at the date the transmitten first qualifies for recognition. Provetary execute and liabilities described an foreign currencies are returnalisted at the functional currency spot rate of enchange ruling at the reporting dates. All differences are taken to profit or loss, with the exception of differences on foreign currency burnowings that provide a hedge against a set investment in a fureign entity. These are recognized in OCI until the disposal of the net investment, at which time they are recognized in profit or loss. The singles and modific attributable to enchange differences on those horrowings are also dealt with in equity. Horrowetary items that are measured in terms of historical cost in a function in a foreign currency are translated using the exchange rate as at the date of initial transmitors. Personnetary items characters.

In view of the automatic minibusement numberies, the Broup rangities defeared FCDA (included as part of "Other normarest same" in the consolidated statement of financial position) for both the realized and unrealized foreign contangle gains and losses. Other vater revenue-FCDA is credited (idebted) upon recovery (rafued) of realized foreign contangle losses (gains). The write-offer reversal of the deferred FCDA portaining to commute from will be made upon determination of the rebased foreign cochange rate, which is assumed in the business plan approval by the FWHS-ED during the latest Rate Rebesing mercine, unless indication of impairment of the deferred FCDA sould be widness at an ordinal date.

The functional currency of PANAP, PANSAN, TOWN, KEWN, MEEA, and PANTH is the United States Coller (US) or USO), while Asis Water's functional correctly in the Victorium Bloog (WAD), PTMM's in the Indonesian Repich (UR), and MWTC's is the The land Balt (1985). As of reporting date, the exects and finishing of those pulseideries are translated into the presentation currency of the Broup at the rate of exchange at the reporting data and their profit and loss amounts are translated at the veighted county cashings rates for the year. The exchange difference arising on the translation are recognized in 322 and reported as "Comulative translation adjustment", a separate component of aquity. On disposal of a foreign actity, the "Consulative translation adjustment" relating to that particular foreign operation shall be encapited in profit or loss.

#### Increasing Costs

turnaing costs that we directly attributable to the sequisition, development, improvement and sensituation of fixed sensits (including mate incorrect in correction with reliabilitation worls) that resembly takes a substantial partial of time to get ready for its intended use are recorded as property, plant and equipment or SCA, as applicable. All other horrowing scale as exponent in the period they cacus. Borrowing much combat of interest and other much that an entity incurs in normation with the barrowing of funds.

The interest aspitalized is makedated using the Group's weighted average must of horrowings after adjusting for horrowing amoristed with specific developments. Where borrowings are associated with specific developments, the amounts oxpitalized is the grow-interest insured on those borrowings less any investment insures whing on their temporary inventuret.

The capitalization of those borrowing costs commences when the activities to propere the seest are in progress and expenditures and borrowing must are being incurred. Expitalization of borrowing costs suscess when substantially all activities recovery in propering the related assets for their intended use we complete. Revening asstal include interest charges and other related financing along a incurred in connection with the borrowing of funds. Provides and/or discounts on long-term duly are implicited in the "Short-term and Long-term duly" amount in the accordinated statement of financial position and are senorthed using the effective interest rate method.

A provision is renegated when the Group hase (a) a present obligation (legal or nonatropiles) as a result of a past average (b) it is probable (i.e. more Budy than sof) that as outflow of resources embodying amorphic handlin will be required to settle the obligation; and (i) a reliable estimate we be made of the amount of the obligation. If the effect of the time wake of money is material, provides are determined by discounting the expected future such flows at a pro-ton rate that reflects current market automated if the time value of many and, where appropriate, the risks specific to the liability. Where discounting is used, the inspecse is the provision due to the pussage of time is recognized as an interest separate. Where the Group expents a provision to be reindured, the reinforcement is not recognized as a separate seet and only when the reinforcement is virtually cortain. Providious are reviewed at much reporting date and adjusted to refine the surrent best estimate.

### Continuentes

Consinglest Bubilities are not renogated in the consolidated foundal abstracests. There are disabout unless the possibility of an autiliar of recurrent embodying connamis benefits is remain. Contingent exects are not recognized in the connalidated financial statements but displaced when an inflow of expression benefits is probable.

<u>Beliand Brandt Plan.</u> The not defined brandt Bability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting partial reclaims by the fair value of plan seems (france).

The cost of providing baselits under the delical baselit plans is astrocially determined using the projected soft credit. 

Beliand bounds costs sursprise the following:

- a. Andrews,
- not inturest on the net defined besuit fishibly or exet, and
   remeasurements of not defined besufit fiability or exet.

Service cents which include current service sents, past service sents, and gains or losses on son-soutine settlements are recognised as expense in profit or loss. Past service scate are recognised when plan assessment or servicement course. These arrows are calculated periodically by independent qualital actuaries.

that interest on the net defined herefit liability or sense in the shange during the period in the set defined benefit fieldility or exact that when from the passage of time which is determined by applying the discount rate beard on government bouch to the net defined benefit fieldility or exact.

that interest on the net defined herefit liability or sense in recognized as exposse or income in the consolidated statement of comprehensive income.

Renocurements comprising actuarial gains and leaves and return empire seasts (contacting set interest on defined bounds. Untility or seast) are renogrized immediately in other comprehensive immune in the period in which they arise. Remocurements are not replacified to profit or less in subsequent periods.

Fine sensite are smoter that are held by a long-term employee benefit fund or qualifying immense policies. Plan amote are not evaluate to the smalltern of the Group, nor meeting to paid directly to the Group. The fair value of plan emote is hared on market price information. When no market price is evaluable, the fair value of plan emote is estimated by directly or espectral fature seek flows using a discount rate that reflects both the risk amounted with the plan emote and the maturity or espectral disposed date of those assets for, if they know no maturity, the expected period until the extilement of the related obligations). If the fair value of the plan assets is ligher than the present value of the defined benefit abiligation, the remarkement of the resulting defined benefit exact is limited to the present value of extraordic benefits available is the form of refunds from the plan or reductions in future contributions to the plan.

The Group's right to be reindured of some or all of the expenditure required to settle a defined benefit obligation is recognized as a superate sees at fair value when and only when reindurement is virtually sertain.

### Devolution Proefit

Termination benefits are employee beautits provided in exchange for the termination of an employee's employment as a result of either an entity's chainless to terminate an employee's employment before the normal milrowest data or an employee's desirion to accept an offer of beautits in exchange for the termination of employment.

A liability and expense for a termination boundt is recognized at the cardier of when the entity was an longer withdows the offer of those burnells and when the entity recognizes related restructuring costs. Initial recognition and subsequent shanges to termination benefits are removed in succedance with the nature of the employee boundt, as either post-employment burnells, short-term employee boundts, or other long-term employee boundts.

### Short-torn Employee Inselfe.

Short-term employee benefits include items such as salaries and sugges, social security contributions, and resonanciary burefits, if expented to be settind wholly within tender (to) months after the end of the reporting period in which the employees resolved the related services. Short-term employee benefits are recognized as expense as incurred. When an employee has mailored service to the Broup string the reporting period, the Samp recognizes the endiscounted amount of short-term employee benefits expensed to be paid in embarge for that service as a liability (secured expense), after distorting any amount already paid.

### Employee Loose Estitlement

Employee loose artition on it to arrand loose are recognized as a Sublity when they are assumed to the employees. The undersometral Sublity for employee looses expected to be settled whelly before tember (to) meetins after the end of the second, reporting period is recognized for services rendered by employees up to the end of the reporting period.

### Share-Inseed Payment

### Onpio por aleste paralesse pien

The Perent Company has an employee stock consensity plan (ECOVII) which allows the grantees to purchase the Company's shares at a discounted price. The Perent Company recognizes stock componention expense over the holding period. The Perent Company treats its ECOVII plan as option conscisable within a given period. These are accounted for similar to the PERS, Share Sunce! Asymmet, options. Unidently paid on the accords that have vested are obtained from equity and those paid on counts that are unsented are charged to profit or loss. For the another ideal shares where the amployees at Il have the option to subscribe in the fature, those are accounted for as "Common stock options extending" in the accordinated statement of financial position.

### Equity:

Capital, stack is removed at per value for all shares subscribed, insued and outstanding. When the Group issues more than one date of stock, a separate account is maintained for mak along of stock and the number of shares insued.

When the shares are sold at premium, the difference between the proceeds at the par value is credited to "Additional paid in capital" account. Of each most immersed related to squity immerse are chargeable to "Additional paid in capital" account. If additional paid in supital is not sufficient, the counts is charged against retained cornings. When the Group issues more than corollars of stock, a separate account is maintained for such share of stock and the number of shares issued.

Subscriptions remisely pertains to the uncollected partian of the subscribed shares.

Retained comings represent accumulated comings of the Broup. Appropriated retained comings are set exide for future business expensions. The Percent Company's 800 declares dividends from the anappropriated portion of its retained comings.

Other equity reserves pertain to gain from sale of investments in a subsidiary by the Parent Company that did not result to a loss of scottrol.

#### Tests.

V4T

isput VAT pertains to the 12% indirect to: paid by the Broup in the course of the Group's trade or business on local persistent of groods or services. Believed input VAT postains to input VAT on accountated purchases of property, plant and equipment and service communics seems for each mouth accounting to Partillion or store. This is accordance with the terms of the property, plant and equipment or service accounted assets, whichever is abortor, in accordance with the terms of laternal Bowerse (SEI) regulation.

Output WiT partials to the 12% too doe on the local sale of goods and services by the Broup.

flat the end of any transitions only. The output WIT consists the input WIT, the outstanding belows is included under "Inside psychias" in the "Accounts and other psychias" assume. If the input WIT consists the output WIT, the senses shall be serviced over to the successful country and included under the "Other convent assets" account.

### Current frances has

Current immedia: each and liabilities are removed at the amount expected to be recovered from or paid to the treation authorities. The tax rates and tax been used to compute the amount are those that have been exacted or substantively enacted at the reporting date.

### Onformal to

Befored ton is provided, using the liability method, for all temperary differences, with certain exceptions, between the taxbases of annels and liabilities and their sarrying amounts for financial reporting purposes at the reporting data.

Defining the liabilities are ranginged for all teachie temporary differences, accepts

- When the deliment too liability arises from the initial recognition of granhall or an exact or liability in a transaction that is not a business condination, and, at the time of the transaction, effects exister the accounting profit nor transless profit or loss.
- In respect of temble temporary difference associated with investments in subsidiaries and associates, when the
  timing of the reversal of the temporary difference one be controlled and it is probable that the temporary difference
  will not reverse in the fermiosolule future.

Befored to sents are receptized for all deductible temporary differences, the complement of second tos smalls and any council tos losses. Outpred to exects are receptized to the extent that it is probable that temple profit will be available against which the deductible temporary differences, and the complement of unused tos wealth and around too losses one be utilized, exempt:

- When the deliment to make relating to the deductible temporary difference when from the initial recognition of an auest or liability in a transaction that is not a business condition and, at the time of the transaction, affects neither the accounting profit nor totalile profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries and associates, deformed
  the casets are recognized only to the extent that it is probable that the temporary differences will reverse in the
  foreseeable feture and tenable profit will be evaluable against which the temporary differences can be estilized.

The carrying amount of deferred too amote is reviewed at much reporting date and reduced to the extent that it is no longer probable that sufficient touchle immore will be excluded to allow all or part of the deferred to: amote successful. Unrecognized deferred to: amote are reasonable at each reporting date and are recognized to the extent that it has become probable that fature touchle income will allow all or part of the deferred to: among to be recovered.

Befored to sends and liabilities are uncounted at the torrate that is expected to apply in the year when the most is realized or the liability is entitled, beaut on tor rates and too less that involves most of or substantively emoted as of the reporting date.

Befored to: relating to items recognized outside profit or loss is recognized outside profit or loss. Outered to: items are recognized in novelation to the underlying transmism either in other comprehensive income or directly in equity.

The Group official deferred terments and deferred ter Schillties if and only if it has a legally enforceable right to set off current terments and current terminates in Schillties and the deferred terminates in Schillties relate to immore terms levied by the mane termination authority or either the same terminates with entities which intend either to settle current terminates and sends on a net besis, or to realize the exacts and settle the Schillties simultaneously, in each fature period in which significant executs of deferred terminates are execute are expected to be settled or recovered.

### Femine per Sheet (F.R.)

task EPI is computed by disking set income applicable to common stock by the snighted average number of common shares curvaturing during the year and sulputed to give retrountive effect to any stock disk during the period. The net income attributable to common stock is not of the diskbash on preferred shares instuding the participating preferred shares participate in the carnings at a rate of t/to of the diskbash paid to a common share.

Chied ETG is computed by dividing comings attributable to common shares by the weighted average number of common shares outstanding during the period, after giving retroactive effect of any stank dividuals, if any, during the period and adjusted for the effect of dilutive options. Outstanding stank options will have a effective effect under the transvey stank matted only when the council price of the materlying common share during the period council the councils price of the option. Where the effects of the semaned councils of all outstanding options have sati-dilutive effect, besid and effects of the semaned councils of all outstanding options have sati-dilutive effect, besid and effects of the semaned councils.

### Assets Hold in Treet

Amoto which are carried by PMMB, PSL, TREZA, CDC, OWD, and CMD that are operated by the Group under the Group's communication agreements are not reflected in the complicated statement of financial position but are considered as Ameto Hold in Treat (see Note ag).

### Segment Reporting

The Group appropriate two or more operating expresses into a single operating express when expressely, such operating express has similar economic absorberations and survive arms. The Broup appropriate its band and foreign subsidiaries into the Domestic Robeitheries express, even if the subsidiaries were to different entourses, since management has executed that these entities have similar economic observationistics and service area. The Broup considers the Marille Communion and Hand Office, Communio Subsidiaries, and Foreign Robeitheries as its operating regiments that are appropriated based on the geographical location and source of revenues. Financial information on business expresses is presented in Rote 24 to the communication immediates substances.

### Exercise offer the Reporting Onto

Any event after the reporting date up to the date of the suffices' report that provide additional information shout the Group's financial position at the reporting date (adjusting events) is reflected in the consolidated financial statements. Any event after the reporting date that is not an adjusting event is shokeed in the consolidated financial statements when material.

### 2. This Bourt Associating Judgments, Dichesius and Associations

The proporation of the consolidated financial statements, in conformity with FFFS, requires management to make estimates and secureptions that effect the second reported in the consolidated financial statements and the economymying notes. The estimates and examplifies used in the consolidated financial statements are based upon management's evaluation of relevant finals and circumstances as of the date of the consolidated financial statements. Actual results could differ from such relivates.

Hanagement believes the following represent a summary of these significant estimates and judgments:

#### Author to

In the presence of applying the Secup's accounting policies, management has made the following judgments, which have the most significant effect on the security recognized in the committeed fluorist statements.

### Barria amazzian aranganaria

In applying Philippine interpretation FRIC to, Service Consumber Arrangioments, the Group has made a judgment that its concernion agreements with PANES, PRIL, TEZA, CDC, OWS, and OWS qualify under the intengible Asset model as it receives the right (focuse) to sharpy more of public service (see Notes a and to).

On the other hand, the Group has made a judgment that the bulk water sale and pursions agreements with MCMO and TMO qualify under the Humaial Asset model as it has an uncombitional contrasted right to reache such or other formulal assets for its construction services directly from MCMO and TMO (see Roles 2 and to).

#### investments in accordance

The Group has deturnined that it has significant influence over East Water despite holding less than 20% of East Water's curteturaling shares of stock. The Broup considers several fectors including its representation in East Water's 1998, representation in East Water's Investment Committee, and its voting power through share ownership to deturnine the Group's power to participate in the financial and operating policy durinions of East Water.

As of Discussion 21, 2018, the Broup cases 18,72% of East Water (see Note 11).

### Revenue rangeland using the input and extput method

The Group remajokes revenue from reliabilitation works, nonatruation revenue, and movine from using the input method while it remajokes supervision from any revenue from pipervision and integrated used water services using the output method. The input or output method of recognizing revenue over the period covered by the expension contracts with customers requires the Group to bean the level of transfer of control over these services beand on the Group's review and communically work accomplishment reports proposed by project managers or submitted by independent project contractors.

### Operating Jesus commitments - Serve and commit

The Group entered into various base armagements for its Healthy Family plant sites, stockpard, office areas, and water and used safer facilities. The Group has determined, based on the availables of the turns and conditions of the avangements, that the significant risks and research for proportion leased from third parties are retained by the leases and accordingly, accounts for those contracts as operating leases (see Notes 23 and 27).

### Baginant reporting

The Group appropriate two or more operating expressivists a single operating express when superately, such operating express has similar economic sharesteristics and survive area. The Broup aggregated its bond and foreign subsidiaries into the Domestia Subsidiaries augment and Foreign Subsidiaries express even if it extens to different continues since reassignment assessed that these existing laws similar accounts characteristics and service area. As of Docember 24, 2018 and 2019, the Group somalizes the Manila Communica and Head Office, Bornestia Subsidiaries, and Foreign Subsidiaries as its operating copyrates that are appreciated based on the pipoprophical function and sources of revenues from Rote 20).

### Provide reserved association when

The Group in currently involved in various legal processings and exposures in the ordinary conduct of business. The estimate of the probable must for the modulation of these claims has been developed in accordance with internal and cutable accords handling the defence in these matters and is besul upon an analysis of potential mustic.

The Group surrently does not indices that these proximings and exposures will have a material or selvence effect on the Group's financial position and results of operations (see Note 20).

#### Uses of Estimates

By examplions communing the future and other sources of extination amortainty at the reporting data that have a significant risk of examing a material selfectment to the corrying amounts of exacts and liabilities are discussed below. Behing characterists and examptions about future developments, however, may always due to market shanges or aircumstances whing that are beyond the control of the Broup. Such charges are reflected in the examptions when they cause.

### Revenue and must range life n - reinfallitation works

The Group measures reserve from rehabilitation works at the fair value of the consideration reached or rescribelie. The Group's reserve from rehabilitation works are rescribed over thus, using the input method. Under this method, programs is removed by reference to the actual mosts incurred to date. However, from rehabilitation works reacquisted by the Group is equivalent to the costs of rehabilitation works incurred as time mosts are renovered by the Group through its right to sharpe the sustances. The Group's revenue from and most of rehabilitation works associated to Pg. 681.g8 million and Pt. 672.14 million in 2018 and 2017, respectively (see Notes 6 and 10).

#### Providen la capacial arabi inscreti rendecidar fran automos

The Group was a provision matrix to minute E2s for rentivebles. The provision rates are based on days part due for groupings of various customer arguments that have similar form patterns.

The produce matrix is initially based on the Group's historical observed default rates. The Broup calibrates the matrix to adjust the historical smallt has experience with forward-locking information. For instance, if forward countries conditions (i.e., inflation) are expected to deteriorate over the next year which can lead to an instance in prison of besing goods and survives, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and shanges in the forward-locking estimates are analyzed.

The exponent of the consistion between historical observed default rates, forecast exponent conditions, and ECLs is a significant artifacte. The exponent of ECLs is sensitive to changes in circumstances and of forecast occurrain conditions. The Group's historical credit loss experience and forecast of exponents conditions may also not be representative of automor's extend default in the future.

As of Commbergs, 2016 and 2017, allowers for expected smallt lower of receivables from austonium amounted to Pl.,288.78 million and Pl.,084.88 million, respectively (see Rate 8).

### Accounting for commution from

Under FFES 15, the commution for and the related unter and unser remines are assumed for as arising from a single performance obligation that will be satisfied over the period when the related services are expected to be provided. The adoption of FFES 15 requires that the commution for sublacted for all astive service conventions as at January 1, 2018 to be recognized as revenue over time. Management has made a judgment that it is impracticable to materia revenue from commution for retrospectively gives the impracticality in obtaining all the relevant information to properly and assumpted estimate the currential impact of the sharge in assuming for commution fees, including among others, according number of active service commution, assume of somewhen for paid per commution, and the related mate.

Considering improviouslifty of retrosportive restatument, the Group adopted the shangs in accounting for normation featprosportively starting on Jummy 1, 2018, as allowed under PAS 8.

### Satisfacting the period over which costs of over our does in transferred to the easterner

For each group of similar authors souteach that result in revenues magazind over a period of the time, the Group makes as estimate of such period over which the Group transfers the souted of the services provided to the sentence. For revenue from rehabilitation soute, construction revenue, service fees, supervision fees, and revenue from pipersorts and integrated used safer services, the Broup has determined that the period of revenue recognition is the term of the sentence soutenet. For someonics first revenue, the Group has estimated that the contourse receives souted over the numbering concession period or remaining surposate life.

### Ordinating sanited firm of water familing rigids

Cabe Water and HWPV estimate that the unful form of the water burking rights to be indefinite, considering that the water purelis remain wild for as long as water is beneficially used. It is possible that fature results of operations much be materially effected by changes in Cabu Water and HWPV's estimates. The accounts and timing of recording of expenses for any period would be affected by changes in time factors and simurataness (see Note to).

#### transference of resolvencial security

The Group measure the impairment of confinencial access (property, plant and equipment, SCA, investments in associates, other current access, and other conservant access) wherever events or charges in circumstances indicate that the corrying account of an access may not be recoverable. The features that the Group considers important which could trigger as impairment review include the following:

- significant underperformant relative to expected bistorical or projected future expending results;
- significant changes in the resource of usage of the acquired search or the strategy for the Group's overall business;
- significant registive industry or economic transfer
- significant destine in net worth or market capitalization; and
- significant destine in distributed profits or increase in lower.

As described in the accounting policy, the Broup artifactor the resoverable amount as the higher of the set selling price and value in una.

is deturnining the present value of estimated future such flow expected to be generated from the sortioned see of the execut, the Group is required to make estimates and somephons regarding the expected future cash generation of the execut, discount rates to be applied and the expected partial of herefits.

is 2018, NWTS should thrue (g) water bottling phasts. As a result, the Broup renogaled impairment loss on its property, phast and uniquenest amounting to Pyt-48 relifies, representing the safe-down of issuehold improvements and untertreatment equipment to its recoverable amounts as of Secendary 3, 2018 (see Note 5). This is presented as part of "Other imore - not" in the nonadidated statements of companionaise income.

For the year ended Secondary), 2016, the Broup recognized impairment loss on its investment in Seigen Water excursing to 485.45 million due to market expitalization. This is presented as part of "Other impare - net" in the consolidated statements of surpredensive impare.

As of Commber 21, 2018 and 2017, the Broup has determined that there are no indicators of impairment on its investments in The Dan Water, Keek Dong Water, Co Chi Water, East Water, and PT STU (see Role 11).

As of December 31, 2015, there have no influsions of impairment on the Scoup's SCA, other current exects, and other nonunrent exects. As of Becomber 31, 201y, there have no indicators of impairment on the Broup's investment in nonlinearial exects (see Notes 3, 10, and 11).

### impriment of good will on the acquisition of Clark Water

Conclude impairment testing requires an estimation of the recoverable amount which is the fair value less must to sell or value in use of the seals-generating units to which the general is allowed. Estimating value in use amount requires management to reals an estimate of the expected future such flows for the must-generating unit and to allow a suitable discount rate in order to calculate the present value of such flows.

The Perent Company's impairment text for goodself related to the acquisition of Clark Water is based on value in use calculations using a discounted man flow model. The 2018 cash flows for the most twenty-two (22) years assume a stoody greath rate and is are derived from Clark Water's latest business plan. The Perent Company used the remaining communion like of Clark Water when testing for impairment. The removemble amount is most sensitive to almount rate used for the discounted man flow model. The post-tox discount rate applied to cash flow projections was 12.45% and 8.87% in 2018 and 2017, respectively.

The currying value of goods II. on the sequisition of Clark Water in the nonedidated statements of financial position ensurated to Agougo militar as of Secondaryt, 2015 and 2017. No impairment has the recognized as a much of the impairment testing performed.

### Delinating billable autor solute

Starting May 1, unity, the SCAn related to the Broup's concension agreements are amortized uning the UFF method insect on actual billed volume and total antimated billeds volume for the remaining period of the nonnemian agreements. The Group considers factors such as population greath rate, supply and nonnemption, and service nowings, backeting origing and fature expansions in entimating the total billable scaler volume over the remaining periods of the noncession agreements. For the years ended Consentur gt, ant8 and 2019, SCA amortization separate based on the UCP method amounted to #2,042.04 million and #3,154.05 million, respectively (see that 10).

#### *वर्जनाची स्ट*व्य

Under the communicategistements extend into by the Parent Company and Borney Water with PMMS and TEZA, respectively, the Parent Company and Borney Water are critical to resover (refund) foreign embarge lowes (gains) arising from concession loans and any assumationaire lowes. The Parent Company and Borney Water resugnized deferred FCSA (included as part of "Other noncessant amount in the committed statement of financial position) for both resided and committed family methangs gains and lowers. Beforest FCSA is set up as an exect for the resided and unrealized embargs lowers since this is a resource controlled by the Parent Company and Borney Water as a result of part events and from which fature commonly benefits are expected to flow to the Parent Company and Borney Water as a result of part events and from which fature commonly benefits are expected to flow to the Parent Company and Borney Water as a fishility. As of Boomshorest, 2018 and 2019, the Parent Company and Borney Water's deferred FCDA classified under "Other noncement exects" accounted to Paylongs willow and Paylongs, million (see Rote ta).

The Group's deferred RCIA when from a rate effectment mechanism for the nurvery or companishin on a surrent leads, subject to quarterly reviner and adjustment by MWIS or TEZA, when necessary, of account foreign embange givins and lowes, whing from MWSS or TEZA lower and someonion lower used for capital expenditures and someonion for payments.

#### *वर्जनावर्थं अस्य सम्बद्धाः*

The Group reviews the sarrying amounts of deformal tower at each reporting date and real means deformed too senses to the extent that it is no longer probable that sufficient touchle income will be evaluate to allow all or part of the deformed to: another to be sufficient. Significant recognized, based upon the likely timing and the level of future touchle profits, together with future too planning.

Aims, the Broup sizes not remajoke matrix defeared team on declarible temporary differences where dealet minte as to the teacher effectively will bring in the future (see Note 18).

### Paradas anada and Baldilli ka

The cost of definal bounds pension place in determined using actuarial voluntions. The actuarial voluntion involves making various assumptions. These include the determination of the discount rates, future salary increases, mortality rates, incapacity rates, retirement rate, and termination rates. The associate of defined bounds obligations are highly sensitive to changes due to the complexity of the voluntion and its long-term natures. Pissount rate, salary increase rate, rationment rate, and termination rate assumptions are reviewed at mask reporting date. The not pension fieldity amounted to Acquay million and Pagaga million as of December 51, 2018 and 2019, respectively (see Notice 12 and 15).

is determining the appropriate discount rate, management considers the interest rates of government boads that are described in the carriery in which the benefits will be paid, with extrapolated materities corresponding to the expected duration of the chieved bounds obligation. Fature salary increases are bound on expected fature inflation rates for the specific country. Inflatonest and termination rates are bound on expected rates at which employees are seasoned to refer or loose the employment of the Group.

Purther details about the samuraptions used are provided in Note to.

### 4 References description and General Re-

### 2018 Balmar Cardinations

### ECH.

On Becomber YI, 2018, Agus Centro entered into saves (y) APAs with EUCE's uninitiaries to suspine the subsidiaries' names related to the province of savine in turn (to) unbehinders in turn, Beneral Trins, and Main in the province of Carlie. These subsidiaries are Earth Aspire Corporation, First Advance Development Corporation, Architics Load Inc., Prosperity Indiana Resources Inc., Tahanang Yaman Houses Corporation, Extraordinary Bevelopment Corp., and Earth + Style Corporation.

On January 9, 2019, Aqua Castro paid go% of the total northest price arounding to total consideration of 404.07 million, while the remaining go% shall be payable upon compliance with all modifions procedust, within six (6) months after agreement date.

On Securator 11, 2018, Legism Water external into four (4) APAs with ERCE's subdifferior to acquire the subdifferior account related to or used in its seater service provision operations in Biffer, Legisma. The APAs are with the following ERCEs subdifferiors, namely, Earth Aquire Corporation, Earth Prosper Corporation, Earth and Style Corporation and Estructurary Sevelopment Corp. Total acquisition must arounded to 450.48 million, while the remaining got% shall be payable upon compliance with all conditions presented, within six (6) arounds after agreement date.

The fair values of the identifiable assets on these transpolors as of the date of samulation were as follows:

	Americ Acquired		
	(Property, Plant and		Boodeall
	Equipment)	Acquisition Cont	(Eurgiain Purchaus)
Agus Contro			
First Advance Development			
Corporation	Paper 1980 person	Part, 76g, 400	(R20,020,800)
Earth Aspiro Corporation	2,755,000	1_m1_000	(2,887,000)
Ambilion Land Inc.	<u>5.598,000</u>	4488490	(p85,460)
Prosperity Indictors Resources		•	
<b></b> .	Y1,604,000	12,475,200	87 <b>1, mm</b>
Tuhanang Yasana Homes			
Corporation	7,44 <u>8</u> ,000	10,10,20	2/8 <b>40/1/10</b>
Legium Water			
Earth Prosper Corporation	<b>'6,853,000</b>	8,690,570	(7,071,480)
Earth + Style Corporation		17,407,4640	(5.005.4m)
Extraordinary Boselopment			
Согр.	E-7E-2-1000	m_s6o	( <u>6.</u> 87 <b>1,840</b> )
Barth Aspira Corporation	18,278,000	18,618,gko	(Lenson)

to identifiable liabilities were assumed by Aqua Centro and Lagina. Water in these surplations. Total gain on largein purchase amounting to Aquigo million is presented as part of "Other income - set" in the 2018 consolidated statement of comprehensive income.

As of December 31, 2018, the percisase price allocations of Aqua Centro and Lagran. Water for the acquisitions are provisional, as the valuation of property, plant and equipment is yet to be finalized.

and y Continues Complete State

### أوصل مشمل

On January 4, 2017, PMMV entered into an APA with Asian Land to acquire and operate the latter's causts used in the vaster business operations in Asian Land's developments in the province of Indones. The intention of PMMV saw to savige the eights under the APA to 84000, its validity owned subsidiary.

On July 21, 2017. HAVEV seeigned all its rights and obligations on the APA to EFEC under a Dead of Analysemet. On the maneday, the Board of Abactute Sale has also been secured instance Asian Land and EFEC. Total consideration paid by SHEC to Asian Land amounted to Pgg.co million, inclusive of VAT.

### Salar Resources

On July 20, 2017, BHBC external into an APA with Solar Resources to acquire and operate the latter's sensis used in the water business operations in Solar developments in the province of Balacan. On July 21, 2017, Solar Resources consisted a Danil of Amigrounds in relation to the APA and a Danil of Absolute Sola to sell and transfer its properties pertaining to water imilities and its operations in the Las Palmas Subdivisions Planes 1 to y to BHBC. Total consideration poid by BPBC to Solar Resources amounted to Pol.co. million, imbusic of VAT.

### أدماس

On Benerator 14, 2017, Burhani committed the APA, Bood of Analysment, and Deed of Abunista Sale to sell, analys, transfer, and nonway its amote participing to mater facilities and its operation is San Viscota Horses subdivision in Bulacan to BMCC. Total nonaliseration paid by SMCC to Borland amounted to P2.25 million, exclusive of WAT.

### The fair values of the identifiable assets on these transactions as of the date of sampleities were as follows:

	Amets Ampired		
	(Property, Plant		Broodsill.
	and Equipment)	Acquisition Cost	(Burgista Persikana)
Asim Land	Pło <u>s, tzz,ono</u>	Paper and the second se	(PG4,807,714)
Salar Resources	₹ <b>7,544,</b> 000	18,780,000	1,205,000
<b>tori</b> and	6,050,400	7 <b>,200,000</b>	1,223,600

to identifiable liabilities name assumed by MVIC in these sequisitions. The gain on largely purchase is presented as part of "Other immore - net" in the soft compositation of compositations.

### The rolliens and of growhall is an influence

		<b>#017</b>
taken at ingining of your	PRAJECARE	Physics (fig.
Additions from business numbination	2,271,470	2467400
Inhomet and of year	P101-EB8-476	FRANKS DES

### The growfull belance is attributable to acquisitions of the following leaderment:

		<b>#017</b>
Clark Water	Fith 19-486	Physical Scale
Tahanagi Wasan Horres Corporation	2,542,676	_
Sun Vinente Homes	ففتا وفقرا	1,229,600
Las Palmas Salafirisions Phenes 1 to 7	1,000,000	1,208,000
Prosperity Balldon Resources Inc.	271,000	
Inhoment and of your	P194-EM4.476	₹64,785.08€

# L. Cash and Cash Squirelants

### This second comists of:

		<b>2017</b>
Cash on hand and in banks (Note At)	Plays, lat. 712	<b>F1,200,686,004</b>
Cash aquivelents (Natour)	7.064.444.656	7,8 <b>00,716,00</b> 5
	P <u>n.44</u> 4.641.475	Расско, ундалед

Cash in harks own interest at the respective bank deposit rates ranging from 0.01% to 2.02%, 0.01% to 2.00%, and 0.01% to 2.02% in 2018, only, and 2.01% to 2.01% in 2018, surply, and 2.01% to 2.01% in 2018, in 2018, and 0.01% in 2018, respectively. Cash equivalents are highly liquid investments with verying periods of up to three (g) months and own interest at the respective short-term rates.

interest income current from each in hunte and much equivalents arrowated to Regales million, PHR.go million, and PRo. Namilion in 2018, 2017, and 2018, respensively (see Note 17).

### L. Bendukturani Costant Ameta

### a. Amelicalidas

This second comists of remivables from

		acity
Customers of:		•
Water and used water newfaces		
R <del>andi kasil al</del>	PURA_BEAGAI	<b>₹\68489549</b> 0
Conservate	الاورخنو عالن	F78-806-787
<del>Servi Irainas</del>	al Bondes	61,899,869
troductrial.	44,200/700	84,519,47
Appearit erries	407,500,000	285, 447, 701
Cintributor's from	145,514,411	141,853,430
Supervision foca	100,010,440	261,780,204
wc -	252,474,874	501,014,249
DWD	14,400,461	tia, agas, ibag
Braphayoes	31,765,099	84-776-786
nterent from banks	10.748.248	16,405.78
Pihara (Nota Le)	Thesiste.	YIE.816,480
	3_54442,483	gara, man, and g
less allemans for ESLs	1/day/Fildes	1,084,885,100
	4,474,444,000	2647/46/10
ens nomenent portion of:		_ <b></b> _
Bassicable from BWC (Note ts)	381414348	453,872,854
Basefeable from 2000 (Note 12)		52,016,776
	PLESSAN FOR	Paraga Signiting

The classes of the Broup's remivebles enking from unter and sever services rendered to customers, solicatible within thirty (pc) days from hilling date, follow:

- Buidestid partains to receivables from midestid households.
- Conservial pertains to remivables from conservial contorners.
- Semi-busines pertains to remisables from small businesses.
- Industrial portains to receivables from customers for industrial and manufacturing purposes.

Trade receivables from pipework services pertain to pipelaying, pipe replacements, and other services related to vater and used notes treatment facilities. These receivables are collectible within teaders (a) receivable.

Trade receivables from distributors' feas arise from the Endanive Distributorship Agreement (EDA) external into by PRWTS with distributors of its Healthy Feasily drinking seator and are collectible within the period that is agreed with the distributors.

Trade receivables arising from supursision fees on the development of soter and used water facilities are sollectible within thirty (pc) days from billing this.

Remivable from ZWO pertains to billed sharges for service fam, construction revenue, and performance fees wising from Zambonage Water's NEWSA. Zambonage Water classifies as surrent the portion of the grow reachable from ZZWS that is collectible within the most tarelye (to) most in (see Note to).

Benivelis from BWC partities to the emigred numberish between the Perent Company and VWM covered by the Share Purchase Agreement related to the exquisition of VWPfs interest in Clark Water in 1911 (see Role 1). The emigred receivable will be paid by BWC at an amount equal to 50% of the product consumed by all of BWC's conturness and the tariff imposed by the Perent Company on its materians falling under the corresponding alumification personnt to the Concession Agreement and all amounts received by BWC as nonnection face from materians and any fee BWC may sharpe in relation to the internamentation with the seaternate treatment plant of areas of developments outside the BWC service area. The emigred receivable from BWC is interest-braning and the Perent Company classifies as sometime parties of its grown receivable from BWC that is due within the next teadwo (to) months in amountance with the agreed terms.

Remivable from employees arise from ear, salary, and other learn which are sket and demandable based on an agreed payment schedule and are collected through salary deductions.

interest from basis are accrued interest arising from the Broup's such in basis and cash equivalents.

Other remindation include remindation from Land Bank of the Philippines in relation to the PWMP Laus (son Rote Ly), and receivables from shared facilities, and mollection facilities.

### Hovernats in the Broup's allowance for E21s follows:

			2470	:		
		Bernindik Tr	a Carineran		-	
						Total
Salam at high-shall of year	THE WALLS	-	Page 1994 St.	Polyment .	Puparame	Profesions
Provide in [library]	W-140	75.44.75		13,424,63 k	84.7 <b>5</b> 7.844	TEL TO, \$88
Boronal (Motors)	-	-	· · · · -	(Apr. 145)		(Appropriedly
Education of sour	Marittate	<b>Arteristrati</b>	Marchaell	Promotes	Peak, all uping	Participant of the participant o

				r		
		Browkelike do	e Customera		(Market	
	Randal de la		محفظ است	inclusion)	<u> Bearindina</u>	Total
Tabasa et lagladag at you	Postaga, Na	Profigation.	Pasangain	Py,my,kon	PERUNDAN PER	P770,207,46
Provision (Moto w)	434,774,380	<b>33.</b> (3.48 <b>4</b>	L89 LBS	TLEFT. WIT	74.040,788	Baq 1883.347
Recent (Male 17)	(100.000±100)	_	_	-	_	(52.50m.mm)
Write-off	(M4,084,198)	(7.4PM	(po.,400)	_	_	
Taken at and at year	Pyrk. MPA 887	Pages,2866,484	48200	PASSAGI	****	Pupiliplican

### h. Contract

## As of December 31, 2018, contrast exects consist of:

Contract exects from:	
Supervision form	4000000444
NATION SA waith 20000	46-cyc.161
Bulk Water Sales and Parahase Agreement with TWD	
(Raie ta)	89,770,280
Carrest portion	886,447,878
Bulk Water Balos and Parahasa Agreement with TWD	
(Note to)	¢n⊾8ys.ss.
NEWSA-sáth ZZWO	77 <b>. 181.</b> 870
Homernat portion	454.844.500
	Pligitago.yan

Contract sends from supervision from are initially renogaized for revenue cannot arising from the provision of design and project renogarant survives in the development of actor and med actor facilities. These contract sends are reducified to "Receivables" upon samplesme and reaching certain nontraction reflectmes for the related water and med water indities.

Contract sends from the MWSA with 2000 are initially recognized for revenue carned arising from numeroution revenue and purformance from for MSV recipition services. These contract sends are reclassified to "Receivables" upon acceptance of and billing to the systemer.

Contract sensis which from the Bulk Water Sales and Rurchase Agreement with TWO consist of the cost of rehabilitation works which will be replaceful to "Concession function in materials" upon completion of construction of the related facilities. The reliferators of these contract exects follows:

Inform at January 1, 2018	-
Impact of adoption of PFBS 15 (Note J)	#100,000 Per 1
Table de literium scorles	21g_C/7\842
Finance income (Note 17)	70,547,020
tenharifestics to communics financial receivables (Moto Yo)	(11,428,684)
Inhom at Cournier gl, 2018	##E_\$48.6tz

#### 7. brestein

This second comists of:

	####	soly
Hairtenance materials	P74,275,144	Pg8,148,478
New renterials and finished growts	48.464.244	#R-02E-488
Water meters and commention supplies	44-250-371	65,055,054
Water treatment shorskale	4 (0.0)	SEPO.SE)
	Phá <u>c, phách á</u> t.	Partici, yapa 1989

Arished greats consist of 500-million and gro-million bottled vater, five (\$)-gallon partiaged water, and dispenses while reasonable service of the sup made for the population partiaged vater bottless.

The Group's inventories are carried at most except for its maintenance materials, over materials, and finished goods which are carried at REV. Allowance for checkmonce amounted to 64,40 million and 61,48 million as of Demander 81, 2018 and 2019, respectively.

is 2018, 2017, and 2016, FWIB recognized Ann.48 million, Pty.og million, and An.48 million, respectively, as part of its cost of sales of packaged water.

### L. Other Correct Assets

This second comists of:

	**************************************	acity
Mat input VAT	PA(S,478-44).	Pglu,1gs,Apl
Propositi copersus	*******	2074828. Par
Concenty deposits	22,610,714	74.6
Security bands	10,044 <u>.05</u> 0	<b>16,285,850</b>
	Fl. 204, Rés. 481	PL:200.414,717

Not input YAT partains to the Broup's muons input YAT over the output YAT as of the end of the reporting partod.

Propriet expenses sometry of propagations for transaction scale for undrawn wealth facilities, have guarantee fees, regulatory costs, business tunes, insurance, rest, interest, and employee health core expenses and other employee busefus.

Summarty deposits consist of matel deposits and other selvence payments that can be recovered within one (i) year.

## 8. Property, Plant and Equipment

## The rollionard saskais of this amount follows:

				===			
		Plant					
		mai Terinini.	(March Faralles)	<del>منتدا درد در</del>	فتستسدا	Construction	
	Land	Equipment	and Equipment	E		in Program	Tetal
<del>1</del>							
معرات إيضارك أعرضك	Parilyage	Political property	Pa, wa, By 8, 787	Personal Pro-	Particular, con		Pages 7 Hally
Addition.	_	eri, ille ligh			48.75		
Toedine (tida m)	_	(44,371,521)	4.54	_	467,550,730	(44.00E.MA)	(m,bq,aliq)
Chrystale .	_	(1.457.464)	(REPARTS)	(Et. es. Po)	_	<u> -</u>	(40.207.209)
معرات المعالية	ميون ماد توس	TANK TANK		Language and	7944	1.79年第7月末	7.002.748.683
According to providing							
secritaries, sad							
ingainment:							
معرات ونصاحت معلما	_	14858-01	LTTLEMART	PART HELITE	Pally, May gifts	-	
منادات أما منافع	ı						
(Chaire 17)	-	****	وطركتم جيد			-	-
المرتفع المراقع	-	400	-	-	70,751,046	-	7.4
Chrystale .	_	0.457.45	(All Parts of the Control of the Con	(0.40.47)	_	_	(MARKS, 700)
المرادة المناط		right labels	<b>LIMITARY</b>				CHERRY
Plat benk when	Prof. pape, y like	Paris Salvan	Part, part and	PERLIPLES	Palit, Res. CT	Purple, Strong	Pagedine Cities
				227			
		Pleat					
		and Tarinisal	(Man Panalas)	مناطعهمي			
			and Equipment			in Pargiran	Tobal
Classic					_		
المراد والمتعلق معالية	Party, Marty, ACPA	PURPLEMENTED	PLANTAGE	180-y 16, mil	Page 1000, \$70	Pgry, scill, corp	Name and
Addition.	politica;	Section 14	ALC: UNIVERSE	48.45.04	1241.788	المرياب ده	1,00,72,00
Terretor (fisto es)	_	_	_	_	\$400.00P)	_	8451.45
Chapter .	-	-	(ESPANS)	(m, etc.)		-	(W.R*.CO)
Name at and of your	246,840,760	1,848,271,074	1,1m,8g8,987	SEPLEN	age of a few	70.00	8314,784,647
Accomplished the second							

		<b>Equipment</b>	and Equipment	Equipment		in Pargiran	Tabel
المراته والمناولة المدارة	Res <sub>e</sub> ller, son	PURILERSES.	PLANTAGE .	FB:04_506_000	Paragrophy o	Pary, scill, corp	Name and
Addison.	po#,873.	Section.		48.45.0	1240.788	20 7 17 AV	1,000,000
Terreties (Halo es)	_	-	_	_	\$400.WE)	_	8.63.75
Chapteris .	-	-	(FEPLANE)	(m. # ##)		-	(#.B±.650)
Behave at mal of your	200,040,700	1,263,271,076	1,110, <b>1136</b> ,367	SLPLAN	age of a fee	TO ME COR	8311,714,647
Accomplished the production							
.mi matintim							
المراه إرضواني ما يحد	-	<b>34.53.3</b> 47	1,004,000	276,226,774	<b>443</b> ,00	-	B. W. 488, Land
مشيناهم ثب مانسجا							
(Chair 17)	-			38a, يور <b>يوا</b>		-	484,054,984
Terretor (Halo et)	-	-	-	-	(45.45)	-	(FELST)
(Represalt)	_	_	(Section)	(10,100gm)	_	_	
سرة اعلاما	-	VORTERS!	LTTLEBLART	45.75	44,22,46	-	350,40,10
Hat forek value	Peril page year	Mangat 844	Pergrang, Sec	P540,000,488	Prosperit, pag	774.00.00	PARKET

The not book value of noncesh transfers to SCA is soil and only encounted to Pac.III william and 43.53 william, respectively. (see Note to).

As of Committee 21, 2018 and 2017, removed amphibious of property, plant and expériment, amounted to Payell 8 million and et placy million, respectively.

As of Committee 21, 2018, the impairment loss of PyLog million pertains to the units-down of insertable improvements and nature treatment expirement of PRW18 to its removesable amount urining from the aboves of several of its nature bottling plants. dering the year.

As of Ossember 21, 2018 and 2017, fully depreciated property, plant and equipment that are still in use by the Group amounted to 85,003.57 million and 80,003.51 million, respectively.

## 16. Eurolea Currenties Austra and Obligations

#### a. Da visa concession annota

#### The movements in this account follow:

	1412	2017
Const		
takens at largining of your	Park Style Colored	<b>447,0000,036,8</b> 88
Additions		•
Scholiffiction scole	8.44 <del>1.229,007</del>	11,4734,441,845
Concesion fee	845,416,746	81,416,802
Transfers (Note g)	14,848. <u>25</u> 4	2,020,098
Local sursponent cost	75.455.739	44545
takens at end of year	100, <u>ppi 4</u> 70, 100	98,574,762,498
Assemulated association		
taken at ingining of your	44447437	27.347.343. <sup>2</sup> 34
Amortization	2,042,042,227	2,075,044,102
Transfers (Note g)	_	416.811
Inhom at end of year	₩ <b>4</b> ₹\$\$\$4	24.428.754.817
Hat back when	PRINCIPAL PARTY.	P74.1604.045.881

SCA combits of the present value of total estimated soncession fee payments, including regulatory costs and local component costs, of the Parent Company, Legism Water, Borney Water, Chark Water, Obserlo Water, and Calesino Water pursuant to the Group's communics agreements, and the revenue from rulabilitation suchs which is equivalent to the related most for the rehabilitation works covered by the concession arrangements. As of Occurring 81, 2018 and 2017, SCA includes assets under construction amounting to \$25,082,51 million and \$25,555.40 million in 2018 and 2017, respectively.

SCA also includes propried communications which represents the thirty percent (pc%) community of the PSL in Legisla Water. These are assertized based on the terms antiforth in Legisla Water's communication agreement (see Moto 1). As of Becoming a, 2018 and 2019, the unamentized partial of propried communication feet presented as part of SCA associated to 454,48 million.

Contract sends which from manuscion agreements music of the mot of rehabilitation made covered by the moscolon agreements of the Percet Company, Lagune Water, Bursony Water, Clark Water, and Calmino Water.

Total interest and other isomorphy mutu capitalized as part of the rehabilitation works amounted to Ps,ot6.50 million, Pytg.gg million, and P65,4,50 million in 2016, noty, and 2016, respectively. The capitalization rates used magnifeton 0.84% to 9.57% in 2018, 5.12% to 9.15% in 2017, and 2.64% to 9.15% in 2018.

As of Committee 31, 2018 and 2017, non-costs exquisitions of SCA encounted to Papayy million and Papay million.

## h. Bariba amandar aliipidase

The breakdown of service accuration obligations follows:

	MIL.	2017
Current	PRice, que, se 1	P800049611,898
Manuscraft .	7.706.1614/72	d.B.pB.yhq.1054
	Pygergrajia	₽7,447,876,810

## MARKETON AND ROLL

The eggregate normalism fear of the Perent Company for a squal to the sum of the following:

 10% of the aggregate Pean equivalent due under any MWCS from which has been distructed point to the Commencement Date, including MWCS from for activing projects and the Unitery August Transbesia Project (UATF), or the prescribed payment date;

- 10% of the eggregate Pero equivalent due under any PAWER from designated for the UNTP which has not been distanced prior to the Communications State, on the prescribed payment date;
- 10% of the local component mosts and cost overwise mixted to the UATP;
- iv. 100% of the eggregate Pean equivalent the under HW88 home designated for existing projects, which have not been disbusted prior to the Commencement Onte and laste been either searched to third party biddess or elected by the Percent Company for continuation;
- v. 100% of the local component mate and must overview related to misting projects;
- vi. Perent Company's absente the repayment of MWSS four for the financing of new projects; and
- vi. one half of PMID eneral surporate operating budget.

In March auto, MW88 intered into a loan agreement with Tim Export-Import Back of China to Snance the August Water Utilization and Aqual act Improvement Project Please B. Total loan facility amounted to \$116.60 million with a maturity of transity (20) years including a See (g)-year grown period. The interest rate in 2.00% per surrurs.

MWSS autorquently artered into a MCA with the Perent Company and Reynlad for the Perent Company and Magailed to equally shoulder the represent of the lose with seek represent to form part of the account on feet.

On May 1s, 2015, MWSS external into a MCA with the Perent Company and Physikal for the Anget Water Transmission Improvement Project (Anget Transmission Project). The Anget Transmission Project along to improve the missibility and sometry of the reasonable consing from the Anget Corn through the missibilitation of the transmission system from two to La Hean and the application of sater safety, risk and must management plants. Subsequently, on May 27, 2016, MWSS entered in to a loss agreement with Asian Sevalopment Burk to finance the Anget Transmission Project. The loss amounts to US\$/125.50 million with a maturity of teamy five (sp) years including a reven (f) years given period. As stipulated in the MCA, the Perent Company and Hagelled shall shoulder equally the repayment of the loss and all reasonable expanditures related to the Project with such payments to form part of the encounterior firm.

in 2018, the Perent Company pold PAVES Agont to million as compensation for additional sater allocation in the Argist reservoir.

The minutule of undiscounted future acrossion for payments follows:

	Foreign Courency-		
	Democration (and	Pasa Loune/	
	LOSS.	Project Local	Total Pasa
Your	(Nonalisted to USA)	Busport	Equivalent*
aolg	<b>46≥</b> 750≥854	PBBS-714-827	Pg08,416,846
9060	8.846.648	25.74.87	667, 668,61g
soft	8,711,769	885.74.877	745,618.500
9000	6,495188	22.74.97	788-784-780
2008	8 <u>.6</u> 7,8 <u>0</u> 1	285714807	74,040,845
son comme	SI-VI LICE	6-640-000A-086	B,007,808,078
	attale <b>et</b> )	#7. <b>cl8.c8</b> 6.280	#I4,24E,2I4,8HI

<sup>&</sup>quot;New applicated intermediated subgittle closely) rate as of December 19, and according to 65,0,50 to 1885 s.

#### FSI Concession Fores

Under Lagua. Water's commutes agreement with PSL, Lagua. Water is required to pay soncession fees to PSL songuted as a parcentage of water sales as follows:

Operational Period	Persontage of Water Bales
Yours 1 to 5	4%
Yours district	<b>2%</b>
Yours ti to sp	#%

Severty percent (10%) of the exposurion few shall be applied against any advances made by Legium Water to PEL. The remaining thirty percent (10%) of the communion few shall be populae armostly thirty (10) days after the subminion of the audited financial statements by Legium. Water, starting on the first operational period, which legium upon the expiration of the transition period. Advances as of Secondaryst, 2018 and 2019 amounted to #84,08 million.

#### TIEZA Commercion Form

The aggregate normalism fees pursuant to Borsony Water's concernion agreement with TEZA is exped to the sum of the following:

- surviolet the approprie Peac equivalent of all liabilities of BWSI as of commencement date;
- g% of the monthly grows revenue of Bursony Water, includes of all applicable terms which are for the account of Bursony Water; and
- iii. payment of armed operating budget of the TEZA-RO starting actor. For 2010 and 2011, the amount shall not unceed Agoor allies. For the year acts and beyond, itemately Water shall pay not more than Rosson million, subject to annual CPI adjustments.

#### CONTRACTOR FORM

The aggregate normalism fees pursuant to Clark Water's noncomium agreement with CSC in equal to the sum of the following:

- i. mad fraction to of Algorithms and
- il. suri-mani metal fees of Payy willow for based facilities from CDC.

As a result of the extension of the concession agreement of Clark Water, payment of restal fees on the CDC existing implifies was extended by an additional filters (ig) years from October 1, 2005 to October 1, 2040 (see Note 1).

#### OWO Concession Fees

The aggregate nomination for pursuant to Chando Water's communious agreement with OWE is equal to the sum of the following:

- i. base acrossable for which shall be used for operations of the DWO; and
- additional noncember for compared of arrowning amortization payments for the outstanding obligations of OWS and 2% of the grown second receipts of Obserlo Water, representing franchise too to be paid by the OWS.

For the year ended Becombergi, 2018, noncombon fees ranginized as part of SCA and SCO whileg from the noncombon agreement with OWO amounted to Payouga million (nil as of Becombergi, 2017).

## CAND Drawn for Free

Under Calasino Water's communion agreement with CWO, concernion from the based on a fixed subodule of annual psyments over the taxanty-five (x<sub>0</sub>) year communion period.

For the year ended Secondary), 2019, concernion fear renogated as part of SEA and SEO whing from the nuncession agreement with CWO amounted to 450.01 million (all as of Secondary), 2018).

# n. Commission il remaini recolorida

## The movements in this account follow:

	1411	2017
Cont		
Inhom at legisting of your	Fl <u>dal</u> ,514171	Martin der nas
Additions		
Subabilitation scoles	-	197,594,188
Service income	22,003,002	792.198,176g
Fisance iracras (Moto 1y)	CC-4C2-342	181,095,164
Brokesilisation to contract senses (Notes a and 8)	(*** <u>***</u> ****	_
Instruction from contract seeds (Note 6)	TI, <del>412,42</del> 4	_
Collections	(976-784-343)	(278,74 <u>5,228</u> )
takens at end of year	1,461,644 <u>,663</u>	\. <u></u>
Allownovier E3.	-	
taken at laguing of your	(11,484,824)	(1.235,614)
Provinces (Note ty)	(3.445.634)	(2,688,175)
Inhom at end of your	(444444)	(H,affa,M6g)
that brook wales	Playsoper	والدراوي الو

#### The breakdown of acrossion financial receivables follows:

	MI	2017
Current	F1616.704.14E	<b>₩87,045,6</b> 08
Manuscraft	MCLASCATT	<b>\187,607,874</b>
	المراجمة <u>حرم</u>	والحراجيهاي الب

#### Marin Bulk Water Supply Agreement

On Separator by, 2018, Cobe Water remixed a Notice of Award for the leak supply of untur to the HCWU. In relation to this, Cobe Water and HCWU signed a twenty (so)-year Bulk Water Supply Agreement for the supply of eighteen (10) million liters pur day of water for the first year and thirty-five (55) million liters per day of water for the first year and thirty-five (55) million liters per day of water for the first year and thirty-five (55) million liters per day of water for years two (2) up to twenty (20).

Concession financial remissible is amounted for in accordance with IRRC to, whing from the bulk autor contract between Cabo Water and HCWO, whereby the facilities countracted by Cabo Water shall be used for the delivery of potable and tracted stater to PEWO at an appropriate volume of eighteen (88) relifies Blues per day for the first year and thirty-live (83) relifies Blues per day for the summerfulg years up to tracety (20) years at Poyage per subformator.

In 2018, the to the declaration of the state of calamity arising from the El Nillo, Cabu Water and HCWO involved the force regions chance in the Sult Water Supply Agreement which of featively liked the requirement for MEWE to purchase and for Cabu Water to deliver the agreed thirty-five (gg) million liters of swater starting January 2018 will Suptember 2018. One to this change in the timing of the implementation of the thirty-five (gg) million liters of generature volume, Dahu Water recognized in 2018 an impairment loss amounting to PS.80 million on its suncession financial remiscable (see Note 17).

is 2018 and 2017, Cabe Water invokal the force rejoure clause due to high water turbibly which resulted to intermittent delivery of the required thirty-five (gg) million liters of water to MOWS. As a result, Deliu Water recognized #6,84 million and #2.87 million impairment loss for the years ended Secondor 21, 2018 and 2017, respectively (see Note 17).

As of December 21, 2018 and 2017, excession function receivable from the Bulk Water Supply Agreement of Color Water amounted to Figury 24 million and Patry So million, respectively.

## TWO Bulk Water Sales and Parabase Agreement

The concenion financial remivable arising from the Bulk Water Sales and Purchase Agreement between Tagion Water and TWO is assumed for in accordance with BRC to. As of December 31, and I and sorty, Tagion Water was constructing unter-treatment facilities which shall be used for the delivery of potable water to TWO at an aggregate volume of treatly-sis (25) million liters per day for the 1st to grid years; thirty-two (52) million liters per day for the 4th to 8th years; and thirty-eight (55) million liters per day for the massiving years of the agreement. There shall be a tariff rate adjustment of Sheen persons (15%) every three (8) years starting on the 4th year from the Operations Start Onto as defined in the Bulk Water Sale and Purchase Agreement.

As of Discussor 24, 2015, the net behaves of mindalitation works and finance income corned during the construction phene and mangicled as part of contract seasts accounted to Papig, 45 million and is presented as part of contract seasts in the 2018 consolidated statements of financial position (see Note 6). As of Seasonber 24, 2017, communion financial receivable arising from the Bulk Water Sales and Paralines Agreement of Tagium Water accounted to Rock, 55 million (see Notes 2 and 6).

## Ti. Investruento in Association

This account comists of the following:

	2018	2017
Asspublica cost	P13,443,606,385	Re_057,870,258
Assumulated equity in set ownings	1,547,479,451	1,2002,198,1988
Currelative translation adjustments	1,003,863,210	895.940,482
	P15,994,949,046	#6,796,0 <sub>57,96</sub> 8

Betalla of the Group's inventments in amoniates are shown below.

#### 7fer Она Мака

The Box Water is incorporated in the Book list Republic of Victorian with principal place of husiness in Ho Chi Flinh City, Victoria

On Catolier 15, 2011, TOWH and Ho Chi Plinh City infrastructure investment Joint Stock Company (23) entered into a share sale and purchase agreement whereby CB will sell to TOWH its 45,000% interest (equivalent to 1.45 million common shares) in The Sen Water. On Common shares of The Sen Water which TOWH obtained eightfount influence in The Duo Water.

The acquisition must of the inventment amounted to Paygrbillion (VEE) (a.c. billion). The investments in amount includes a notional gradually amounting to Play billion arising from the acquisition of shares of stock in Thu Duo Water.

The financial information of the Duo Water as of and for the years maded Occamber 31, 2018 and 2017 follows:

	2012	2017
Current seemin	PRIALETY, 255	#156,601,818
Noncoret media	<u> 4.44</u> 2,475,700	97331* <b>18</b> 01*800
Current liabilities	212.774.75	all the state of t
Howard Schillin	440,007	AND THE RESERVE
Revenue.	851,034,996	<b>1</b> 07,978,000
Mat income	520,193,273	454.764.85s

The constraint make much corresponds to the constraint of the constraint of procedure of the constraint of the constraints.

The share of the Broup in the set impose of the Dec Water for the years maked Committee 51, 2018, 2017 and 2018 amounted to Augusty million, Paylog, million, and Pastley million, respectively.

#### Kari Sary Wala

Each Dong Water is improposated in the Statistist Republic of Vistoria with principal place of business in Ho Chi Pilah City. Visioness.

On May 17, 2012, the Perent Company, through EDWH, entered into a sale and purchase agreement with CII for the purchase of 47,45% of CII's interest in Kesh Dong Water. The pagment for the shares was done in two transies, with additional confriguet considerations subject to the fulfillment of surface confiderations provided for a total purchase price of PASS billions.

As of Commbergs, sorts, considerations paid by the Parent Company for its investment in Earth Bong Water encounted to PLSY billion (NEDYSS, as, billion). The share purchase transmitted was completed on July 20, note and EDWH gained significant influence in Earth Bong Water.

is soly, Kosh Doug Water finalized its purchase prior allocation which resulted in a final actional goodwill accounting to PLSS Millon.

The financial information of Kenh Dong Water as of and for the years maked Occamber 24, 2018 and 2017 follows:

	2018	2017
Current seems	P689,947,464	#407/L47/Egs
Homorroot seeds	3,900,513,345	2726-004-46
Current liabilities	406,157,481	490,774,884
Manuscreent Mahilitins	1,348,948,908	1,208,0 <b>00,</b> 222
	511,661,133	450,878,021
Mat income	322,399,454	gi <u>a gila dina</u>
. The recommendate states as and control the recommendate, common to MANAs as not the	anders a sellunium see	<del>ratuul</del> e

The share of the Broup in the act income of Each Song Water for the years ended Comercian 26, 2016, 2017, and 2018 encounted to Figures million, P448-23 million, and P272-48 million, respectively.

The Group's share is not immore from its investments in The Due Water and Kenk Bong Water resulted from noncession arrangements with the People's Committee of No Chi Piirh City (the Brustor). These noncession arrangements are accounted for under the Financial Asset model of FRIC to as these associates have an uncomfitteed contracted right to receive fixed and determinable associates for payment for its construction services at the direction of the Brustor.

#### Bergine Mileter

Saigen Water is incorporated in the Bosinlist Republic of Vintaner with principal place of business in Ho Chi Minh City. Vintanes. Saigen Water is listed in the Ho Chi Minh City Block Explange.

On Catalor II, unit, the Percet Company, through PMSAH, external into an investment Agreement for the coquisition of a grup's state in Seigen Water. The exquisition must of the investment executed to PS42376 million (ARDgic.ug. hillion). The share reducipition transmisses was completed as Catabor S, 2015 and HWSAH gained significant influence in Beigen Water.

to sole, MWSWH finalized the national goodself, encurating to PaSS. Equilibrium triving from the sequilibrium of shares of stock in Seighn Water by the Group as of December 21, soly. There were no seljent made to the fair values of the not exerts as of acquisition date.

On June 24, 2017, PMSAH subscribed to an additional 6.5g million primary shares of Saigon Water for Pasy 16 million (METOS By hillion), which increased PMSAH's holding in Saigon Water's outstanding expital stock to 87,23% from \$1,47%. The notional glooded which from the additional subscription amounted to PSS 47 million.

In 2018, MWSAH remajorized impairment on its insentment in Brigon Water amounting to PO<sub>5-4</sub>; million whing from the dustine in the market capitalization of Brigon Water shares. This is presented as part of "Other income - set" in the consolidated statements of sumprelensive income for the year ended Bosonskergs, 2018.

The financial information of Seigon Water as of and for the years ended Desember 26, 2018 and 2017 follows:

	2412	2017
Current seems	P1,142.012,444	*8#1.87b#78
Homograph seeds	4.244.252.754	4,000,678,518
Current liabilities	414-055-015	2.00 B. 075-200
Homovert liabilities	4.007.070.010	8-426-828-174
leaner .	697.746.7°E	MG, Hu, acro
Mat income	P4%314	2014,814,820
. The constraint action and sure Annual and Annual to VHO; as of the	mater je, materalism z men	estants

The share of the Broup in the complished not income of Saigon Water for the years called Recember 21, 2015, 2017, and 2016 amounted to Paying million, PBS.59 million, and Pts.40 million, respectively. Closing share price of Saigon Water as of Recember 25, 2018 was VRDy, 150 per share.

Co Ciri Water Boppiy Bewerage Company Ltd. (Co Ciri Water)

Ou Chi Water is incorporated in the Socialist Republic of Victoria with principal place of business in Ho Chi Hinh City, Victoria.

On Catalor To, 2015, MWSAH executed a Capital Transfer Agreement with Saigton Water for the acquisition of 24,50% of the charter registed of Ca Chi Water in the total amount of Pyt8.26 million (VMCI 54,85 billion). Pursuant to the Capital Transfer Agreement, Baigton Water granted a part option to MWSAH and WAC (No 1) Limited Partnership, another party to the agreement, which option can be considered upon the conservace of cartain trigger events. As of Committee 84, 2018 and 2019, no trigger event has conserved and the value of the put option was determined to be all.

The financial information of Co Chi Water as of and for the years ended Secondarys, 2018 and 2017 follows:

	1411	2017
Current seems	F146, p.(1	Po8,777
Monturerit sands	1,420,724,427	1,411,607,802
Current liabilities	TIE,000	Maga7
. The recognition action and correction come are life, recognition to MHO: as of Occ.	ander a. and and are seen	

The share of the Broug in the set impare of Cu Chi Water amounted to all in both soft and soft, and P6,117 in 2018.

PT BILL

PT STU is improvated in telepools with principal phon of business in Bennerang, technicals.

On March 6, 2015, PTRWI cognized 4,438 ordinary shares in PT 810 to own 20% of the outstanding aspital stock.

The financial information of PT STU as of Committee 51, note and for the period March 6 to Secondary 51, 2018 follows:

Current seemin	Phi-Ciq.142
Monteurert seeds	145.446.072
Current liabilities	2,114,117
Homovert Schillin	1,647
	MC-77%-q44
Mat income	7.416.707

The constraints when must saw Property to Hills and Constraint 51, and to

The acquisition must of the inventment amounted to Pyyano million (DRTs.con billion). The inventment is security account includes a notional gradually amounting to PLAs million arising from the acquisition of shares of stock in PT STU. The share in the net identification are not only in the share in the net identification are not only in the share in the net identification are not only in the share in the net identification are not only in the share in the net identification are not only in the share in the net identification are not only in the share in the net identification are not only in the share in the net identification are not only in the share in the net identification are not only in the share in the next identification are not only in the share in the next identification are not only in the share in the next identification are not only in the share in the next identification are not only in the share in the next identification are not only in the share in the next identification are not only in the share in the next identification are not only in the share in the next identification are not only in the share in the next identification are not only in the share in the next identification are not only in the share in the next identification are not only in the share in the next identification are not only in the next identification ar

The share of the Broup in the set is come of STU amounted to PLyo million in sorts.

#### Good Wicker

East Water is incorporated in Timiland with principal plans of business in Tanglock, Theiland. East Water is listed in the Stock Embarge of Timiland.

On March 14, 2018, MWTC couplined git...44 million ordinary shares in East Water representing 18,70% equity of East Water.

The financial information of East Water as of Secondary 3, 2018 and for the period from March 14 to Secondary 1, 2018 follows:

Correct access	المريطان والوراحة
Homerrant accords	45.47.44.
Correct Schillein.	2,500,641,572
Noncertal Salation	5.216,217,540
Rovenan	5.184.464.45I
Het ir worm	1444448.85
The conversion action and was Prilings to Tills as of Consider 50, 2002.	

The acquisition must of the inventment associated to PS.3g billion (TRSg.2g billion). The inventment in associate associate includes a notional goodself associated to PS.II billion arising from the acquisition of shares in East Water. There is not identifiable exacts on data of acquisition amounted to PS.II billion.

The share of the Broup in the set issues of East Water amounted to PaSaya million in 2018. Closing share prim of East Water as of Bosember 28, 2018 www.THENOLYO.por share. The remonification of the sustance of the securities to the sarrying amounts of the investments in securities recognized in the summitted financial statements follows:

December 31, 5412					
		Propertierate	Elera in Het		
	Not Associated	Construction of the last of th	i <del>dan tilla lida</del>	Rathani	
Annolote	Associates*	Interest	Annaka	السنسة	Complete Value
Tim Dan Water	Ph.107.004.003	45-04*\	PIALSTON WY	PL474.031.024	PLOFE WE THO
Each Dung Water	*****	47.45%	1344544318	1472,777-425	4,741,477,700
Enigles Water	4 <u>.994</u> ,222,614	27-m**	205-425-727	SELECTED AND THE	17444444
Cu Chi Water	1,486,777,078	94-6411	204,000,000	-	204,000,420

Tent Weiser gliggt page 12 year 4,214,257,254 1,210,452,465 2,464,564,566 Tend Pape 177,457 PT1,166,664,674 Pape 1867,747,465 PTC,564,449,044

\*\*\*

30,577,044

1,184,754

48,722,547

"All all materials for the consensus of the all orderings.

PT STU

Department, 2017 Properties etc Share in Het **Not Associator** Camadia tintiidia أمستادنا Corplet Value o o late **Marca**t Amota Sanda A Thu Daw Water Au, By G, seas, agri 48400% Alghiese, lug PL/fe/le/Ass Po<sub>1</sub>795,2854,785 Easth Clong Water <del>2648</del>74<del>83</del> (7-E-X 1,185,581,552 4674254884 **\\_7**8,777,482 Seigen Weber 4,164,254,782 5748F% Bara, ang Bara 808,808,161 1,150,548,614 Cu Chi Water **L#1,844,708** 480% 9484014E2 PARTO/SET Total PB,777,287,185 Радорь ободожи Paulancery, 2008 P8,788,087,288

"All alle la la constant des des des la constant de 
## The rolliens and of acquisition most follows:

	2018	2017
taken at lagining of your	P4,637,970,238	Paparal, State 17
Acquisitions during the year	8,871,042,180	######################################
trapalment loss	(65,406,033)	<u> </u>
Inhometend of year	₽13,443,606,385	Re_057/870\258

## The rolliers and of somewhated equity in set survives follows:

وابر والأفراق

	2018	2017
takens at inglesing of your	₽1,262,1 <u>5</u> 8,536	<b>#986.894,89</b> 0
Equity in not comings	699,142,026	- AND THE STATE OF
Dividend imone	(413,819,111)	(186-044-828)
Inhometend of year	P1,547,479,451	Pi_s8s_ig8_cm8

## Tis. Other Measurement Assets

# This second comists of:

	9462	2017
Befored FZIA	Palandanaja	PL_003_000_008
Advances to sociractors	2 <sup>-10</sup> /-2 <sup>-2</sup> /-2	84446489
Basekable from BMC -netofourrent portion (Mote 6)	211,014,042	42,554
Separaks (Nations)	100,572,474	1,470,144 <b>,54</b> 0
Water harking rights	PC-774C-744	ēm,mBy∧ <del>ms,</del>

(Formard)

	100	2017
Basekable from Ayala Maki-Perpose Cooperative		
(AMPL)	P54,040,000	PES-1986-874
Bassicable from 227WO - set of servest portion		
(Notes 2 and 6)	-	624 <b>016,77</b> 6
Fermion exects - not (Note hg)	-	<b>16,111,g</b> 00
Historia de la companya della companya della companya de la companya de la companya della compan	84,274,471	68.719.872
	Pq.946_E87.444	Редостуулаг

Befored PCBA ratios to the net arrenovaral amounts from (amounts for refund to) austraness for realized losses (gains) from payments of foreign losses bessel on the difference butteren the decadosm or rebused rate versus the slowing rate at payment date. This amount also covers the currenized gains or losses from loss valuations.

Advances to contractors are being recorped against progress billings based on contract provisions and are advance payments for the construction of the Broup's property and equipment and service concernion seems.

Reports partain to those made for land sequiphies, for locant properties, and for guaranty deposits with Madis Electric Company for electric commutates and its related deferred sharges. In 2018, deposit for land sequiphics seconding to 41,289,85 million which was cutstanding as of Becombergi, 2019 was reshardful to rehabilitation works under 82A (see Note 10).

Water harking rights partains to the rights to draw seater from the Layang River, Parapangh River, Absons River, Parig-Potroso River, and Agen River. On August 22, 2014, the Rational Water Resources Board (RWRII) approved the antigment of Water Permit No. 1824 from Cantral Equity Ventures Inc. (now Ratioland Inc.) to IVW Connection which IVW Connection allows Color Water to one for its project. As of Connected gt, 2018 and 2017, Color Water's water beaking right encounted to August million.

is 2018 and 2017, IAWPY incorred musts to exquire combitantly enter permits from the IAWRE executing to Pg.75 million and Alg. 27 million, respectively. A sumbitant vatur permit is necessary prior to the incurant of the water permit by IAWRE subject to submission of surtain requirements, including plans and specifications for the diversion varies, pump structure, water assessing device and water distribution system, and environmental compliance surtification by the Department of Environment and Material Bescures, among others. In 2018, the HWRR granted HWPV the permits to use the water from the Pempungs Niver, Alaena Siver, and Penigh Patrono River. These permits appeared the conditional varies permits greated to HWPV in 2017. As of Becomber 21, 2018, the Broup inflowes that the remaining requirements for the Agine Niver are ministerial and is certain that it will be able to comply with the conditions required.

The Group estimates the metal lives of its vater backing rights to be includinite considering that the vater permits running wild for as long as water is beautifully used. The water banking rights is assumed for impairment.

Beniveble from AHFC portains to the term from and small line facility agreement.

Histoflactors concerned exects include Cabu Water's advance to the Carmon Revolupment Fund for its portait to extrust water at the Carmon property in Cabu emounting to PuS.15 million and #25.01 million in 2018 and 2017, respectively.

## 1g. Assurate and Other Payellies

This second comists of:

	9462	2017
Trade psychics	Personal Control	#6.78#486#48f9
American experience		
Salarius, wegges, and complayer beautifus	405146.714	<b>275-1177-288</b>
Management and professional fees	441,447,148	288,411,76g
Cortrated services	140, 277,424	84,100,060
Utilities	<b>184,000,000</b>	YER AND YOU
Repairs and maintenance	184,51 <u>4,114</u>	PARTIES VALUE

(Foresta)

	1411	2017
Westernator made	PR-9-79-1-16-6	Pyrocapic 784
Conspicing made (Moto 27)	45.714.232	<del>,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,</del>
Collection form	\$4,774.474	80.619.672
Water service acrossitions	95,471,967	20,693,072
Rental of equipment	14,004.00	14,885,895
Water treatment alterateds	4445,044	<b>W., ago, g88</b>
Princel house, m	شنظيد النخ	<b>146,885,800</b>
Interest psychile (Note 14)	496.477.744	888.448.178
Contractors' psychia	<b>307.434.697</b>	276,672,006
Contract liabilities	17,841,886	-
Others	27-474-25	Lyponous par
	PJ:002/TJ4:040	P <u>C_088_E48</u> ,981

Trade psychics and assessed expenses are non-interest bearing and are normally settled on fifture ((s) to sixty (to)-day terms.

Histollaneous sourced expenses instacts secrests for communication, selectiving, incorance, transportation and travel, postuge, telephone and supplies.

interest payable portains to the unguid portion of interest arising from the short-term and long-term debts of the Broup.

Contractors' psychia partains to the scormal of expenses which requires the Group to pay the contractor bessel on progressbillings. Contracts psychia are normally satisfied within one (1) years.

Other psychias are non-interest learning and are normally settled within one (1) year.

## 14. Ebert-turn und Long-turn Beit:

#### a. Biert-torm deix

On March 5, 2016, MWTC entered into a one-year term facility agreement with Miculio Bank, Urd., Banglock Brauch (Miculio Bangkoli), whereby Miculio Banglock extended credit to MWTC for THB5.50 billion to finance MWTC's suspicition of the shares in East Water (see Note 11). The loss learn interest of EBCH plus margin and is guaranteed by the Parent Company.

As of December 31, 2018, the sarrying value of the short-term sleft amounted to PA<sub>207</sub>8.54 million.

## is to the same of 
The composition of the Broup's long-turn debt follows:

	<b>141</b> 1	2017
USD Instruct		
MERILDAN	Plated 6.4%	<b>#2.749.888.6</b> 87
HWMP Loan	2724,227,444	8,097,191,169
Japanese Yea (JPT) kouse:		
	19,001,767,007	14500 078,002
MTSP Loan	120,101,021	872,747,E24
First IFC Lawn	-	Bulance, Water
Caracina Boller (CAU) hom:		
CABOLET million Legistat Water Loan	22.222.704	<b>22,845,88</b> 0

(formed)

	satz	9017
HP loane:		
#5.00 billion Metrobenk Loen	P4,500,002.007	₽⋠₩₽7₅≠₽₽₽
#5.cobilina PMI Laun	4,240,700,000	-
Fixed Rate Corporate Moles	4.324.521.034	4,580,889,800
Posgo billion Legiune Water Lone	194,516,546	1894078-007
Pougo billion Legiune Water BIP Loan	450,000,000	400,000,007
Podly Million Legium Water CBP Lean	742194-015	758.440.007
Rago billion Laguna Water SEC Lone	444.544.44	2,481,687,720
Pago billion Burnary Water CBP-SEC Lone	271,774,512	400,747,868
Pougo billion Bornony Water CBP-SEC Lone	277,774,764	428,69 <b>5,</b> 498
Po.Og Million Normany Weber DNP-89C Loan	Han. PAC. ALL	64.5sa.070
Resp Million Homeny Webs 167 Loan	25,449,476	
41.15 billion Chark Water RCBC Loan	1,710,000,000	1,141,684,8 <b>8</b> 8
Po.to Milion Clark Water RCMC Loan	100,000,000	-
Po.75 billion Colou Water DIP Lone	BCC Boyana	899 <u>, 984, 9</u> 81
405.00 million Zamiliounds Water DEP Loan	24,700,474	8479870
Again hillion HMTV Laun	1,040,018,030	894,424,880
Poug Million Taglara Water FFM Loan	خواليه وهر القو	129,254,880
	42-464-257-271	88.744.778.468
se servet portion	6.595.474.474	4.514.017,448
	P37.144.001.767	Pars, Yan, 324,008

Unarrartized dailst discounts and increase mute of the Group's long-term debt as of Generalier yt, 2018 and 2017 follows

	2018	2017
USO loane	PCA, quadat	FED. CHES. 544
JPY forms	772-64-477	2001-06-1-071
RF lone	<u> 186</u> ,0 <u>24,</u> 070	58,671,681
	PERCENT LIES	Pegal_a66_ag6

The rollicensed analysis of an amortized debt discourts and immune costs of long-term debt follows:

	946	2017
taken at ingining of your	P <u>iryll, 4</u> 24, ingil	#a40\ga8,gag
Additions	44,170,007	200,000
Amortization (Note ty)	(142-304-44)	(COL) 780,587)
Rorelijn emilnarje adjustarenta	*1,500,55	2,287,107
takens at end of your	PANCAP ZAN	Pegalan66,296

## had in payloa

#### ALEX LOSS

On Catalor 21, 2010, the Percet Company actural into a term from agreement (NEXLLOR) amounting to Utility 2.00 million to partially finance capital expenditures within the Hanks Communics. The form has a term of two (to) years and is financed by a symilar of four (a) beaks, namely, PAS NLV Singlepore, Microbio Corporate Bank, Ltd., The Bank of Tokyo-Microbioli USI Ltd., and Samborno Microbiolity Corporation, and is insured by Nippon Expert and Investment Insurence. The first, record, and third describes of the loss amounted to Utiliza, or million, value of the loss and Communicaty, 2011 and 2017 amounted to Utiliza, call Utiliza, or Tillion, respectively.

## MANUFACTURES

On Catolier 2, 2014, the Perent Company extend into a Subsidiary Loan Agreement with Land Stark of the Philippines under the Notro Manila Westernator Management Project (NWWP) with the World Innik (NWWP Loan). The NWWP sines to improve sentenester services in Notro Manila through increased sentenester services from the term of transporter and sentenester services. The loan has a term of transporter five (25) years and sentenests with the loaded States Collect in the appropriate principal sensent of USA92.5 million, payable via semi-arranal installments after the seven (2) year gives period. The Perent Company has made for (4) drawdowns in 2015 with an appropriate amount of USA92.46 million, and three (5) drawdowns in 2017 with a total amount of USA92.40 million.

is 2018, the Perent Company made an additional desertions associating to US\$1.25 million. The manying value of the HWMP loss as of Beneratory, 2018 and 2017 is US\$70.68 million and US\$82.08 million, respectively.

Summery of financial transmittee related to the MMMP Lone for the years unded Committee 51, notified acity are shown below (in those acids):

	ME	2017
taken at ingining of your	442	#00
Ancests remixed during the year	1,116	25,400
Espanditurus chafug the your	(477)	(22,472)
Inhone at end of year	##	(faB

The US(c.) is utilized and US(c.) is million as at Commburgt, surts and sorty, respectively, represents the outstanding balance of the Land Bank of the Philippines designated account No. 2404-032-635, under the amount name HWHF- Category 1 - MWC2, and is presented as part of "Other mericables" under the "Empiricables" amount (see Rote 6). The presents of the HWHF- Lane will be expended in anomalonce with the intended purposes as specified in the lane agreement.

#### JPYgo billion Lour

On Explainter yo, note, the Percet Company signal a seven (j)-year JPGp.com billion term born facility, people sund-manufly, with three (g) international banks: MUEJ Bank, Ltd., Picaho Bank, Ltd., and Sumitorno Minni Banking Corporation. The proceeds of the loss will be used to fis-more the Percet Company's majital expensitures. The Percet Company made its first decadose on Herch 8, 2016 amounting to JPMs., to billion. In 1017, the Percet Company made two (g) additional drawdowns totaling JPM 18.60 billion. The Percet Company has not made any drawdown in 2018. The loss's complete when as of Sourchier gt, 2018 and 2019 is JPMs, signal million and JPMs, gift, sy million, respectively.

#### MITTER LAND

On Catolier 20, 2005, the Parent Company entered into a Bulaidiary Loan Agreement with Load Bank of the Philippina.
(MTSP Loan) to finance the improvement of the sensenge and southflies modifiens in the Reals Communics. The loan has a term of seventum (17) years and sourcede evaluation in Approximation the aggregate principal amount of APVS.25 hillion payable via semi-arroad installments after the fire (5)-year gives period.

The Ferent Company made its last drendown on Dotober 48, 2014. The total dream amount from the loss is JPIg. 39 billion. As of Commissing 1, 2018 and 2017, the outstanding belance of the MTSP loss amounted to JPVL18 billion and JPVL82 billion, respectively.

#### First IFC Laser

On March 28, 2003, the Parent Company entered into a loan agreement with FC (First FC Loan) to partially finance the Parent Company's investment program from 2002 to 2005 to expand water supply and mailtailon services, for improvement of the existing facilities of the Parent Company, and for encounter for payments. The First FC Loan was made available in Japanese Yen in the aggregate primipal amount of FV2,00 billion equivalent to Utigo.00 million and payable in transfer (of) years starting on July 15, 2008.

On July 15, 2018, the Perret Company poid the autotending behave of the loss or scheduled. As of Occasion 21, 2018 and 2017, the manying value of the loss amounted to all and EVLquig million, respectively.

#### Aguso bilikan Matrakan k Laun

On August 16, note, the Perret Dompany entered into a Credit Facility Agreement (#5,000 billion Hetroback Lone) with Hetropolitan Bank and Trust Company (Netroback) having a fixed nominal rate of \$4,47% and with a term of neven (y) years from the issue date and its populae annually. The Perret Company may repay the whole and not a part only of the loan starting on the grid anniversary of the drawdown date of much loan or on any interest payment date thereofter. The corrying value of the loan as of Docember 31, 2018 and 2017 annual to #4,885.37 million and P4,887.25, million, respectively.

## Ayoo bilika Philippine National Baris (PHB) Laur

On Play 11, 2018, the Parent Dompsay signed a 45.0 billion, ten (to) year term loss facility with the PMS. The loss will be used to finance general surporate requirements and capital investment programs in the Marilla Concession as well as to refinance existing amountainsire losses. On July 31, 2018, the Parent Company made its first and only drendown amounting to 45.0 billion. The corrying value of the loss as of Domeston 35, 2018 amountail to Pq. Equ. 38 million.

#### Final Rate Corporate Notes

On April 8, 2011, the Percut Company immed Flo.co hillion notes (Fined Bate Corporate Notes) with F<sub>8</sub>.co hillion having a term of five (g) years (Five-Year PECN Note) from the issue date and the other F<sub>8</sub>.co hillion with a term of ten (to) years (fen-Year PECN Note) from the issue date, both of which is psyable quarterly. The Percut Company may mapsy the whole and not a part only of the Ten-Year PECN Note on the 7th analyses may of the drawdown date of such PECN Note or on any PECN interest payment date thereafter.

On April 8, 2018, the Perent Company repeid the outstanding belance of the five-Year FECS) in build as scheduled. The comping value of the fixed rate corporate notes as of Secondary), 2018 and 2017 emounted to P4,894,28 million and 84,862.39 million, respectively.

Amendments to Comilian Agreements, interceditor Agreement and Lour Agreements. On July 17, 2008, the Parent Company, together with all of its landers, signed as Comilian Amendment Agreement and Interceditor Agreement and these agreements became effective on September 30, 2008.

Prior to the execution of the Dranibus Amerikanst Agreement, the obligations of the Perent Company to pay amounts the and caring or committed to be repaid to the leaders under the mixing facility agreements were secured by Amigments of Interests by Way of Security commutal by the Perent Company in Security at trustee acting on balaif of the business. The Amigments were also subject to the provisions of the Americal and Security distorted for Agreement dated Parch 1, 2004, and its Americality Agreement dated Security 1, 2005, accepted by the Perent Company, the leaders and their appointed trustees.

Under the Corollan Amendment Agreement, the landers effectively released the Permit Company from the sesignment of the present and fature fixed seasts, receivables, and present and fature bank amounts, all the Project Somments (emugt for the Agreement, Technical Corrections Agreement and the Department of Finance Undertaking Letter), all immensus policies where the Permit Disapsey is the basefulary and performance boards posted in its fewer by contractors or suggliers.

is consideration for the relates of the emigrament of the above-mentioned emets, the Perset Company agreed act to create, assume, incorp, perset or selfer to crist, any martigage, lies, pledge, according interest, always, encounterance or other professivial arrangement of any kind, upon or with respect to any of the properties or exects, whether near cased or inventor acquired, or upon or with respect to any right to remake income, subject only to some legal acceptions. The leaders shall continue to enjoy their rights and privileges as Concessionaire Leaders (as defined under the Agramment), which include the right to appoint a qualified replacement operator and the right to remake payments and for other consideration pursuant to the Agramment in associal default of either the Perset Company or PAWES. Convents, all leaders of the Perset Company are considered Communicative Leaders and are on partipasse rights as of the another.

In November and Demontor 2014, the Parent Company signed Amendment Agreements to its loan agreements with its cristing lenders. This effectively related metals provisions in the loan agreements providing the Parent Company store operational and financial ficelibility. The loan amendments include the shift to the use of the Parent Company from consolidated financial statements for the purposes of calculating the financial coverage ratios, the immune is maximum debt to equity ratio to get from 2d and the standardization of the definition of debt service soverage ratio at a minimum of 1.2d across all loan agreements.

## Lighter Wilder Laure

On Explainterry, soto, Leguns Water intered into a loan agreement with two (c) local banks for the financing of its construction, operation, maintenance, and expension of facilities in its servicing was. Personal to the loan agreement, the leaders have agreed to provide loans to Leguns Water up to Agos, on willian, the principal payments of which will be made in thirty (po) commutive expel quarterly installments starting August soty. The first and smooth drawdowns from the loan ware made in November soto and June sott amounting to Regulation made. The manying value of this loan amounted to Agos of million as of Becomber 21s, 2018 and 2017, respectively.

On April 29, 2018, Legune Water entered into a loan agreement with IBSP to partially finance the materization and expansion of the unter extensive years and vater supply facilities in tilles, Sta. Rose and Calegon, Legum. Durby the agreement, the leader has agreed to provide a loan to the borrower through the Philippian Water Roselving Rand (PWW) in the aggregate principal amount of up to Pgocaco million bearing as affective interest rate of yang%. The first and amount drawdowns were made in July and November 2018 which amounted to Paga.co million each. The marying value of this loan as of Boomshor 21, 2018 and 2019 amounted to Paga.gg million and Paga.28 million, respectively.

On Jamenry 25, 2014, Lagima Water convinuit its option to small of the second transhe of its loan agreement with DEP, to finance its water extracts and supply projects, including the development of a well-field not such the tilbur, Sta. Rose eve. of Lagima. Under the expended fieldity agreement, the lender provided additional loans to Lagima Water in the aggregate primipal amount of Aug.commilion. The first and second strendowns were made in Jamenry and Pay 2014, respectively, amounting to Apitago million each. The complete water of the loan amounted to Pays, by million and Page.44 million as of Boomshorgs, 2018 and 2017, respectively.

On Catalor 25, and 5, Lagans Water entered into a loan agreement with Security Back Corp. (SSC) to finance the replacementation and expension of its water autorologists and enter supply facilities throughout the province of Lagans. Under the loan agreement, the leader agreed to provide a loan to the horosom in the aggregate principal amount of up to \$2.50 billion for an applicable fixed interestrate, as determined in respect of each desertion. The first desertions was made in Secondar 2015 amounting to PSCO.co million bearing as effective interestrate of 8.1/%. The second desertions was made in two translates in April 2016 amounting to PSCO.co million and PSCO.co million learning as effective interestrate of 5.5/% and 8.5/%. The fourth desertions was made in three (8) translates, the first translation March amounting to PSCO.co million bearing as effective interestrate of 8.5/% and the second and third translates in April 2017 amounting to PSCO.co million bearing as effective interestrate of 8.5/% and 8.5/%, respectively. The lifth desertion was made in two (1) translates in September 2017 amounting to PSCO.co million bearing as effective interestrate of 8.5/% and 8.5/%, respectively. The lifth desertion interestrate of 8.5/% and 8.5/%, respectively. The married in the loss amounted to PSCO.co million and PSCO.co interestrate of 8.5/% and 8.5/%, respectively. The married value of the loss amounted to PSCO.co million and PSCO.co interestrate of 8.5/% and 8.5/%, respectively. The married value of the loss amounted to PSCO.co million and PSCO.co interestrate of 8.5/% and 8.5/%, respectively. The married value of the loss amounted to PSCO.co in Scott in the secondary of 8.5/% and 8.5/%, respectively.

On March 28, 2017, Legium Water internal into a loan agreement with Brand Challenges Canada to find a project during the period beginning on the effective date of the loan agreement and earling on the project end date of March 21, 2018 for up to an aggregate principal amount of CAD873,000. The project expanded by the loan is the "Bundling sater and senitation services for the poor in informal, when consecutions." As of Becamber 21, 2018 and 2017, the carrying value of the loan amounted to CAD873,000 and CAD883,044, respectively.

#### Strainty Wester Laurer

On July 29, 2011, Bornory Water entered into an Camiban Loan and Samily Agramment with DNF and SRC to finance the construction, quantities, maintenance and expansion of facilities for the fulfillment of cortain newhort targets for unter-supply and seater services for its service area under its numeration agreement with TEZA, as well as the operation and maintenance of the numerical drainings system. The Loan shall not numeral the principal amount of Agrono or million and is payable in territy (m) years inclusive of a three (g)-year grace period.

Omnibusium and sourily up commi - Bub-transin 1 The loss shall be available in three pub-transies, as follows:

- Sub-tracks W, the loss is the second of Page-on million to be provided by P&P and funded through Philippine Water Benching Runi (PWRF);
- Sub-trainin 10, the lain in the amount of Pop.co million to be provided by 680 and funded through PANE; and
- Sub-tracks 10, the loss is the amount of Pos, on willow to be provided by SEC and funded through its internally-generated funds.

The first, second, and final loss stread own summed to Pigo.co million on August 25, 2011, Pigo.co million on August 25, 2012, and Pigo.co million on August 25, 2013, respectively. The marying value of the loss as of Becomber 51, 2018 and 2017 amounted to Pigo.cy, million and Pigo.cy, million, respectively.

## Constitute keen and according agy on more - Bulo-transitio a

The Agramment provided Bornouy Water the option to horrow subficient leaves from the lenders. On November 14, 2015, Norway Water entered into the second combine Lose and security agreement with DEP and SEC. The agreed aggregate primipal of the lose associated to Pgooloo million which is available in three sub-transfers:

- Sub-transler 2A, the loss in the amount of Pago.co million to be provided by ISP and funded through Millippine Water Breaking Rund (PWRF);
- Sub-tracks 28, the loan in the amount of 425,000 million to be provided by 850 and funded through PWE; and
- Sub-transler 20, the loss in the amount of Pageon relifion to be provided by SBC and funded through its internally generated funds.

The first, second, and final loss strendomes associated to 875,000 million on Hoverbur 21, anto, Parasson million on August 28, 2014, and 825,000 million on November 25, 2015, respectively. The manying value of the loss as of Boomsler 21, ant8 and 2017 amounted to Paggs/1 million and Paggs/10 million, respectively.

# Counties a Louis and Describy Agroument - Bale-transfer y

On Catalor 15, 2014, itemany Water signed a Third Camibes Loan and Beautity Agreement amounting to PEQUADD willion with SEC. The loan will be used to found the supplied expenditures which will be used to provide water and surgrege survives in the surgestion area of Boressy Water. The first, second, and third shreadowers on this loan ware made on Resember 25, 2016, May 25, 2017, and September 25, 2017, amounting to \$200,000 million, Paga.00 million, \$200,000 million, respectively. The carrying value of loan as of Desember 26, 2018 and 2017 amounted to PS45.75 million and PS45.84 million, respectively.

## Counting Laws and Density Approximate - Serie of the Philippine Intends (SPI)

On Benerator so, 2017, Romany Water signed a Fourth Carolina Loan and Security Agreement in the amount of Pa.40 billion with the EPL. The loan will be used to Secure the general corporate and expirite expenditures requirements of Boronsy Water. The first, second, and third dressloams on this loan were made on April 30, 2018, September 25, 2018, and Becoming to Passaco million, Paga 200 million.

#### Chief Militar Laure

On April to, 2015, Clark Water automal into a loan agreement with Rical Commercial Bushing Corporation (RCSC), whereby IESE extended would to Clark Water for up to Pulis billion to partially finance in communion expital expenditures program. Under the agreement, the loan learns interest at a rate marging from 6.15% to 6.57%, and principal pagazonic will be made in furty-eight (pt) accessible equal quarterly installments starting Secondor 2018.

The first and account decades on the loan ware wade in September and Decamber sorts, amounting to PSOCLOO million and PLOCLOO million, respectively. The third decades a summade in August sorts for Psychon million. The complety value of the loan amounted to Ps,118.85 million and Ps,1,4.65 million as of Decamber 51, sorts and 2015, respectively.

On Becomber 15, 2018, Clark Water availed of a lifteen (15)-month term lone with RCSC amounting to P400.00 million to finance lits working capital requirements. Under the agreement, the lone board interest at the rate of 7,25% payable worthly. The lone's principal payment in due on March 15, 2020. The carrying value of the loan amounted to 400.00 million as of Boombergs, 2018.

## Cale Water Lawn

On Security 4,3015, Cabu Water extend into an Charitus Loss and Security Agreement with the Covologment lank of the Philippines (CEP) to partially finance the construction works in relation to its bulk water supply project in Colos. The lender has agreed to extend a loss facility in the aggregate principal amount of PSCO.000 million or up to 70% of the total project cost, whichever is losser. Principal payments will be made in twenty (so) equal quarterly installments starting Securities 2019.

The first, second, and final desertance on the loss facility amountari to Pgytuty million on Deservier 20, 2015, 46;5.84 million on Payses, 2014, and Psysos million on Revender 14, 2014, respectively. The samping value of the loss as of Becombergs, 2018 and 2017 amounted to 48;5.85 million and P6;5;38 million, respectively.

# Zanisanga Watar Laur

On June 30, 2016, Zembonaja Water nigani a turn losa agreement amounting to PO<sub>5</sub>.00 million with OFP. The promotion of the loss will be used to partially finance Zembonaja Water's capital expenditures in relation to its REW reduction and remargement program in Zembonaja City. The first, second, and third loss describes were made on July 29 and September 1, 2016 and September 28, 2017 amounting to Pyro.co million for the first and second describes and September 28, 2017 amounting to Pyro.co million for the third describes. The corrying value of the loss as of Describer 28, 2018 and 2017 amounted to SEL, 21 million and SEL, 22 million, respectively.

#### MWFV Laur

On Ontolory, 2018, PWMY signal a lifteen (b)-year fixed rate term less facility amounting to P4,00 billion with SEC and Hetroback. The terms of the less include an option to increase the size of the facility to a maximum of P5,00 billion. The promote of the less will be used to increase PWMY's supital expenditures, future acquisitions and other general corporate requirements.

On February 44, 2017, PRWFY made a bridge loss dressloam amounting to Pigo.co million each from SEC and Netrobush. Them bridge loss had a fixed rate of 2.75% and a 11g-day term. On June 23, 2017, these bridge loss were relied-over for additional 180 days with a rate of 2.50%, reprised monthly. On November 3, 2017, PRWFY repaid its Pyroc.co million bridge loss and made the first drawdown on its loss facility emounting to Pago.co million from each bank.

On Catalors 5 and December 19, 2018, PMPY made its subsequent decembers amounting to 8,0.00 million and 195,000 million from made hank, respectively. The sarrying value of the loss as of December 21, 2018 and 2017 amounted to 18,000,07 million and 1850,02 million, respectively.

These from desendances have a term of fourteen (A4) to filtram (A5) years, with interest psychic semi-arranally and principal repayments starting on Movember 8, 2022.

#### Tighen Mirter Learn

Or Catalor 6, 2016, Tagins Water signed on Countries Loon and Saurity Agreement in the second of Page.co million with the PMS. The lone will be used to partially 6 means the countries in relation to the Tagins Bulk Water Supply Project. Monitorial interest is at 5,50% per answer, pageble quarterly. Principal pageons will be under in inty-eight (45) equal quarterly installments starting Secondar 2020. The first, sound, and third dreadown on this loon was made on September 25, 2017, April 18, 2018, and November 25, 2018, assembling to Page.co million, Planets million, and Page.co million, respectively. The corrying value of the loon as of Countries 51, 2018 and 2019 amounted to Pagel.24 million and Page.co million, respectively.

#### Compliance with long assessments

All them has agreements provide for contain sovements which must be somplied by the Broop which include compliance with certain financial ratios such as the debt-to-equity and debt-so-vice soverage ratios. As of Describer 26, 2018 and 2015, the Group was in sompliance with all the loss coverages required by the creditors and has sot resulted any written notice of default from lenders or the treatment.

#### T. Lathermant Plan

The Perent Company, Clark Water, Leguns Water, Borsony Water and PMPV how funded and accountribatory defined benefit purefus plans according substantially all of their respective regular complayers. The bounds are bound on current making and years of service and companyation as of the last year of employment. The latest actuarial valuations were made on December 31, 2018.

IA No. 78.4), the calcing regulatory framework, requires a provision for retirement pay to qualified private sentor employees in the absence of any retirement plus in the entity, provided bosover that the employee's retirement lanelin under any collective bergining and other agreements shall not be then these provided under late. The last does not require minimum funding for the plus.

The Perent Company's familing policies state that equivalent target familing ratio must along be at least 80% and should the ratio must show, the Betimenest and Welfers Plan Committee may up to declare a familing ladiday. In the event there is an extraordinary increase in defined boundt obligation, which may who from boundt improvement, massive biring and the other extraordinary personnel movements, the Perent Company has a maximum of three (g) years to samply with the required minimum familing ratio of 80%.

The retinarent place of Parent Company, Clark Water, Legian Water, Iterany Water, and HWFV are each covered by a retinarent fund administered by trustee banks, which are under the supervision of their respective Retinarent and Walfare Plac Committees (the Committees). The Committees, which are compared of six (6) to seven (y) members appointed by remangement, defines the inventment strategy of the fund and regularly reviews the strategy based on market developments and shanges in the plan structure. When defining the inventment strategy, the Committees take into amount the plan's objectives, benefit obligations, and risk organity. The Committees review, on a quarterly bank, the performance of the fundamental by trustee banks.

# Changes in not defined benefit fichility of funded funds are as follows:

		9012	
	Promot value of		Rat deliberal
	defined boards	Pair value of	سلا الطملة للمسا
	مسائدوالله	plan a mate	( <del>)</del>
Balanco et beginning of year	Paris, Pyll, Bissi	Piginalites	Picasyone
Net benefit costs in profit or less:	- <del></del>		
Current servine cost	77,500.000	_	77-015-000
Hat interest (Hote 1y)	48 <u>.000</u> .000	42.000,500	(304, 254)
	1 id 1,500, più	42.000,500	77-74-640
Removements is other comprehensive		•	
inco <del>rne</del>			
Nature on place seems (makeling			
amount included in interest)	-	(35.00 q 200)	75.004,000
Astronial charges which from			
ماسيخ من المراجع	غادة <sub>ا</sub> لمورية	-	25,242,200
Actorial charges which from			
alangs in financial some efform	(45,000,100)	-	(47,900,100)
	(ma,000,000)	(75.204,966)	CC-041-200
Benefits peld	(161,020,200)	(121, 120, 200)	-
Contributions		48,771,900	(42,TT,566)
Balance at end of year	ففن پاک راکنی	F725,105,704	Plá <u>ndy</u> l,366
		9017	
	Present value of		Not defined
	delimal bemait	Rair wakes of	مناقاط السحا
	alligitions	pho sents	(termin) (tiota ta)
Balance at beginning of year	Py#6,8#1,2000	#874544.000	(#85,18 <sub>8,</sub> 100)
Nat bassift costs in profit or lase:			
Current service cost	71.888.400	_	71.355400
Hat interest (Hate Ty)	84.225.500	20-01-200	(4.787,700)
	105,584,000	250(2,500	88,570,700
Remonstration is other comprehensive			
incomer			
Roturn on plan sensin (controling			
eracent included in interest)	_	10.27 <u>0.270.0</u> 10.	(21,57 <u>0,500</u> )
Antonial charges whing from			••
operiors of streets	September 1	_	6,282,500
Actuacies changes writing from			
shangar in Secretal.			
مستنب المستناب	70,116, <b>2</b> 00		70,288,800
	78,510,800	<i>114794</i> 00	E3/ <b>/8/140</b> 0
Benefits peld	(#Agagen)	(48,823,500)	
Contributions		12,124,240	(15,154,140)
Balance at end of year			

The fair value of cut plan and to by each when is as follows:

	100	2017
Annala		
Cash and mash expirations	P7,078.430	<b>60,049,6</b> 60
Bebt inventrumes - clomentio	كفير فيشيقة	802,180,778
Equity investments - demontin	172.344.64E	200,107,617
Interest removable	2,361,472	E081,192
Other removable	87,476	-
	7eraquiqu	BBB_U784C4P2
Listin		
Assertant transform	651484	677,2002
Other psysbles	191,442	
	7*4748	6yy <sub>1</sub> ,9m2
Fair value of place assets	P709,619,166	<b>4498,401,840</b>

All equity and dubt investments held have quoted prices in early a merbats. The remaining plan assets do not have quoted rearbet prices in active rearbats.

The plan areats are invested in different financial instruments and do not have any concentration risk.

The cost of definal bounds pension plans and the present value of the pursion obligation are determinal using asturial valuations. The asturial valuations involve making various assumptions. The principal assumptions used in determining pursion obligations for the defined burefit plans are shown below:

		anty.	2018
Cincount rate	RALW to BLAN	4.60% to 5.75%	4.80% to 5.00%
Salary increase rate	Foot of Mon.	1.00% 106.00%	8.00% to 6.00%

The munifolity analysis below has been determined beand on recentually possible changes of each significant assumption on the defined baself obliquation as of the end of the reporting partial, assuming all other assumptions were held sometime:

		Effect on Defined No.	edt Obligation
	language.		
	(1000000)	.ao148	2017
Circumst rate	1.00%	(Pags, g80, ycm)	(Pyologasos)
	(1.00%)	- Paraga, arab	68,872,875
Salary imposes rate	1.00%	45.025.674	82,807,441
	(1.00%)	(\$4.679.18y)	(Almorate)

Shown below is the materity analysis of the undiscounted benefit payments:

	2412	2017
Loss time 1 year	PRE_419_800	<b>#35,8</b> 84,400
Horothan 1 year and up to 5 years	<u> </u>	47 <b>5.48</b> 5.800
Harathan Byenes and up to to years	867 <u>.046</u> .166	442.87E-600
	F1, <b>440 _210</b> _000	<b>#986,000,3</b> 00

The councils duration of the defined benefit obligation at the end of the reporting partial in 12.85 years and 15.50 years as of Bosonsker at, 2018 and 2017, respectively.

The exect allocation of the plan is set and reviewed from time to time by the Committee taking into account the membership profile and the liquidity requirements of the plan. This also somitions the expected baselit such flows to be metaled with exect durations.

Contributions to the plan are recommended by the Retirement and Welfare Plan Contribution and approval by the Parast Company, Clark Water, Legium Water, Borney Water, and HWPV in consideration of the matribution advice from the actuary. The Parast Company, Clark Water, Legium Water, Borney Water, and HWPV are expected to mostribute a total of 405,00 million to their respective defined benefit persion plans in 2019 based on the latest actuarial valuation report.

## 16. Other Bossermet Until bles

#### Other nomerous liabilities consist of:

	9412	2017
Deferred credits	Pags,1 <u>16</u> ,146	Pups og 6, hog
Customers' generally deposits and other deposits	*****	255,686 <u>,545</u>
	P774,775,448	P888-8 <b>54-7</b> go

Befored well's pertain to the momentical discounts of the outcomes' generaly deposits. The reliference analysis of the deferred credits follows:

	144	2017
taken at ingining of your	Piptiglings (16g	Papo 6, May apory
Additions	*****	<b>77.475.845</b>
Anorization	(** <u>£\$£</u> \$6#)	(HLL49L249)
Inhoment and of year	Page,7 <u>16</u> ,748	Papagage, tag

Customers' generally deposits and other deposits pertain to the deposits peid by the Group's customers for the set-up of new commutions which will be referred to the environment upon termination of the customers' sector service constraints or at the end of the concession, whichever some first.

# 17. Other Operating Insures, Operating Separate, Internet Insures and Internet Separate

# Other operating income number of:

		soly	2018
Supervision from (Moto 21)	P446-859-331	Pagg 8, 4/4, 481	######################################
Compation fees from water and service			
committee and pipercular	253,200,371	880-370-0-25	447.788.886
Sale of pushaged water	400,000,000	308, <b>894,</b> 098	المروري الما
integrated used water expelience	THE BOX 454	6-86A778	28,765,605
Operations and maintenance services	本体以単	80/2478	87,888,675
Renomention fee	48.274.284	80.88.642	25,498,596
Septin studge disposal and			
Instaliações enter ambais	47,424,440	34,666,051	18,760,507
Performance focus	34345324	71,665,788	2,002,758
Construction revenue	22,204,577	7.00 <b>0.1</b> 004	6,13 <u>6,83</u> 0
income from contorner late psyments	44,574,451	18,606,917	16,887,498
Service fees	44,071.59	16,195,954	17,488,117
Mindhau	42,675,785	87,171, <b>8</b> 08	66,477,810
	FigBq/fib.cgB	Pl_100_051,788	PLACY. MARKET

Histoliumous instalus irracous from rental of apalparent, other customer related from, consultancy services and sale of signaps.

# Operating exposures counist of:

	***	acity	.mo16
Salarius, wegan and complayers be scales			
(Notes 15 and 21)	Place, of the sec	Poets at 1, 160	Post Carry
Management, technical and professional			
films (Note at)	COLUMN ON	825.8784060	481.756.874
Depreciation and assertication	-	•	
(Nature grand to)	445.019.055	880/845-824	624,718,572
There and Borness	\$12,4F1,54E	#6.864.870	170-88-2-88
Consuperary modes (Motos JA, 26	_		-
and 27)	خفشر الهور كالا	MANAGE OF THE	142,752,055
Repairs and maintenance	170.504.507	YEA,684,907	80,004,108
Contractual services	184,881 (194	86.000.274	80,427,084
B2. on manifelites and economics			
finaniai rensivables (Notes 8			
and to)	150,020,504	<b>286,890,919</b>	E4.005.000
Transportation and travel	22,474,722	<b>111,986,89</b> 4	Sayan, ad
Instrumer	MC-Argh-Trait	66.yag.√no	<b>III,</b> 08 <u>5,74</u> 4
Printing and communication (Note 21)	70/107/064	54 <b>,6800,</b> 876.	44,753,683
Business receipts and representation	CP. Park ACC	E8,148,168	48,298,981
Donations .	44.479.27	81,844,900	#8, <b>466</b> ,7#8
Advantaring	*****	25.480.44	58,626,570
Charagement	29/70E/70E	125,684,781	100,460,880
	PLINERAL	P6.842.816.747	Po, dyy, yark, digi

# Other expenses include expenses insured for bank sharges and equipment routal.

# laterant income accepts of:

		20 <b>1</b> 7	2016
<del>riost iraca</del> ax			
Contract and equivalents			
(Motors)	P255,350,212	PHA.claude	F12, 88.25
Finance income from commutan			
financial remindles and serimat			
seembs (Notes-8 and Yo)	125,90 5,858	WAY CHEST	153,183,241
Boomivable from BMC (Note 8)	28,083,490	94.641.129	21,7 <b>78.</b> 027
Cilhora	2,543,455	12.451,545	<b>\824,980</b>
	P411,883,015	Ports (15) V(8)	40E7/108/480

## interest expense nomints of:

	-	20ly	ant6
hteret egere ex			
Sarvina communica abligations,			
deposits and others (Notes to			
ami 18)	P789,711,898	PENANTAL SE	<b>468,044,0</b> 20
Long term debt:			
Dompon interest	853,283,533	88 <b>4.071,43</b> 5	766,727,1960
Armortization of delit discount,			
incurses made and premium			
(Nates tr)	138,892,431	124,980,189	88.27.2
Pennius linklikies (Note 15)	1,920,740	687,900	4.087.700
	P1,783,808,602	A, pog. spå, Yeo	<b>41,129,200,308</b>
		•	

Other income - not includes gain on bergain purchase amounting to Age, 75 million and Psp.gt million, in not8 and 2017, respectively (all in 2018, non-thotal). In 2018, this amount also includes income from refund from a utility provider and reversal of means amounts amounting to Pauling million, and impairment loss on property, plant and equipment and inventment in amounting to Age.84 million.

# 7L beeste

## Provision for income ton number of:

	141E	acity	2016
Current	Philippi	PA, 8800 A 1802	PA,874-808,199
Final.	70,485,454	2.058,224	80.00
Berlin red	(70.45ma44)	(1,0 <u>00</u> ,2014)	(287,352 JBBs)
	PL 874-367-284	<b>4.90.93</b> .57	P-745-374-641

The resonalistion of the statutory issume too rate to the effective income too rate follows:

	9412	soty	2016
Statutory income tax rate	30.00%	90×100%	#000 <b>0</b> %
Tax officials of:			
Change in surroughized deferred to:	469	(Ca28)	0.86
Excess of 40% Optional Standard			
Declaration (1988) against			
ello en blo del matione	(mi.ge)	1.45	(s.8a)
interest income subjected to final tex	0.41	(0-88)	(0.60)
Hontomble equity in net manings	(*44 <u>)</u>	(L70)	(L-88)
Handaduniibis espesso	£192	88.01	الاستانة. الاستانة
lamana exempt from the	(22-44)	(a6.8 <sub>6</sub> )	(28-8 <sup>1</sup> )
(Blacs - act	(0.40)	(5-40)	(LOO)
Effective improve tox rate	iti.gq%	a4ne#	22/01%

The set deferred the exects of the Broup parties to the deferred income the effects of the following:

	2442	2017
Deferred to assets:		
Service unnoemicu obligations - ust	P1,445.75E,656	PL-247-573-454
Allonaum for ECL	75.007.043	66,718,486
Provinces/scorumbs	<b>ACTAPAGE</b>	3/06/8/407
Penalen Babilides	227,544	5412418
Others	C-497.452	-
	1,292,242,221	1,521,766,775
Deferred ton linbilities:	-	
Difference instances assertization exposes of SEA per straight line		
method and per USP	(10 <u>C. 14</u> 11,752)	(#84844#S)
	Flatte day fitt	<b>47,300,784,482</b>

The compounds of the not deferred the liabilities of the Broup as of Becomber 81, 2018 and 2017 represent the deferred income two effects of the following:

	1441	2017
Befored ton Inhibition		
Concession financial remisable	772,722,250	Py6,yg6,616
Difference instances a martination expenses of SCA per		
straight line method and per UCP	21,680,089	per pales 4 and
Sain on hagisis purchase	21 days, 11 Eq.	15.883,448
American remainstales	2,4 min 80 M	E1,484,888
Others	-	York Copy
	K424K7W	1g8,224,588
Befored tax marries		
Allowane for E2.s	<u>(*1,425.444)</u>	(44884894)
Not Operating Loss Compover (NOLCO)	(T),360 and (S)	( <del>0.454.22</del> 2)
Fermion Babillities	(المحمودة)	(2,482,004)
Provinces/scorumbs	(q13, g10)	(0.80.48)
HCIT	_	(c.gtn,g60)
Others	(Past, 124,6)	(875.185)
	(D/44.00)	(##. <b>ABT\.A</b> SK)
	Placing, Sec	P#11,544,884

#### Parant Consume

IR No. 18-2008 provided the implementing guidelines for Smilos ay of RANO, group on the use of the DSD for surporations. The DSB allowed shall be an amount set exceeding 40% of the gross increas. Bross increas cannot refer to gross sales or gross revenue derived from any business activity, set of returns and allowances, has cost of sales or direct contribut before any deduction is reade for administrative exposure or incidental lowers. This was applied by the Perest Company for the years ended Secondary (s. 2018, 2019 and 2018).

The evaluated of CEU affected the compatition of several deferred tax exects and Sublities, is which the related income and expenses are not somilioned in determining grow income for income tax purposes. The Percent Company foresests that it will continue to swell of the OSS, such that the manner by which it will recover or satisfacte underlying assets and Sublities, for which the deferred tax assets and Sublities were initially recognized, would not result in any future tax consequence under OSS.

The effective termine of 18% for the years in which CRO is projected to be utilized area used in computing the deferred income terms on the net service communion obligation starting cross.

Befored term on allocates for EC2, and possion liability serio not recognized by the Perent Company. The not reduction is disferred term applying the 18% effective term rate to the recognized deferred term on not service obligation and the demonsplittee of the deferred terms relating to the amounts with temporary difference which are not considered in determining grows income for immore ten purposes by the Perent Company amounted to PeS8.21 million and Petacyy million as of Occamber 31, 2015 and 2017, respectively.

#### Bedraidie ka

is addition to the defined tos sames and finishing that have not been emorphised as a consequence of the OSS assilinent, the Perent Company's substitution, marrely, PRWS, SockWater, 1990c, PRW Comparties, Tagion Water, Sown Water, Calcular Water, and Filipines Water, know total, MELES associating to Propage million and PSY. So million as of Secondary 31, 2018 and 2017, respectively, that are excluded for offert against future tensible imports, for which no defended tos assets have been recognised. As of Companies 31, 2018 and 2017, the unrecognised deferred but assets on MELES associated to Pgs.25 million and Possay million, respectively.

#### Circle Michael

Clark Water as a daily registered CFZ enterprise under BA No. 8,000, As Ant Amending RA No. 7257 otherwise business the Naces Convention and Development Aut of 1934, in orbified to all the rights, privileges and benefits autablished there under including teat and duty-free importation of majoral aquipment and special income teat rate of g% of gross income second.

#### Saranay Mata

On January 25, 2011, Romany Water find an application for registration with the MD under Executive Order (ES) No. 226, as arounded, as a new operator of water supply and distribution for the Bornony Mand on a non-planear status. The application was retilied on Followay 8, 2011.

On June 15, 20%, itemany Water's application was registered with the EDA under Book 1 of ED 266. The ITH is for four (4) years from June 2011 or actual start of commercial operations, whichever is earlier, but in no case surface than the date of registration. The ITH emitterment shall be limited to the water sales schedule reflected in specific turns and sondition of the registration. Purther, the ITH emitterment for the westerwater or source ge services shall be limited only to 10% of the total revenue derived from its senter apply.

is Aus sort, the BOI approved the boson year under Boronsy Water's Cartificate of Englishation No. 2011-127 from June 17, 2015 to June 16, 2018 using the indigenous over material unitarious pursuant to Article 20(1)(8) of EU 228 subject to the following wordstone:

- At the time of satual availment of tim ITH immative, the derived ratio of the cost of indigenous new materials shall be at least goth of the total new materials must; and
- The grantee shall undertake Corporate Social Responsibilities (CSR) artistics which shall be completed on the actual
  evaluant of the lumin year. The CSR activity shall be aligned with the priority program/projects of the National ActiPoverty Commission and/or other special less such as R.A. 7942 or the Hinling Act and BOE Energy Regulation 1-34. The
  amount sport for the CSB activities shall be reflected in the notes to the actival financial statements. Failure to
  complete the CSB activity shall mean forfeiture of the approved ITH boson year.

Impleming June 17, 2016, Remany Water new already unbject to Regular Corporate Immune Tax.

#### Legiona Wicker

Lagum Water availed of the DSD and the effective tax rate of W% for the years in which DSD is projected to be utilized. The said rate was then used is computing the deferred income taxes of Lagues Water.

#### Other maintaining for

All other domestic subsidiaries are subject to the higher of Regular Corporate Imorne Tax rate of 30% and Minimum Corporate Imorne Tax rate of 5%, while foreign subsidiaries are subject to tax rates applicable in Univ respective countries.

#### MOLES

The recommend of the Group's MCACO as of Becomber 21, 2018, which we evaluate for offset against feature trackle immediate the fig. successfully years and for which no deferred the exacts have been recognized are an follows:

Your Insurred	Arresent	Applied/Espired	Balaune	Espiry Year
and the	والمخطيعية	#BLEPS 27	-	.m/6
2016	84/00/0009	-	34.180.00g	and g
<b></b>	24.52.728	-	24.4	2000
2016	4504/18H	_	4B-O¢LM	अवर्ष
	#H8,827,814	#BLEFFLEY	P47/486.641	

#### 4470

The represents of the Group's PEST as of Commbergs, notificable can be shirted against future to able income for three (g) successfully years are as follows:

Your Insurred	Amount	Applied/Espired	Balaune	Espiry Year
aning .	<b>#970,16</b> 0	<b>4870,180</b>	-	.0076
2016	6,000,006	-	0.334.00	erine.
<b>3017</b>	7,042,389	-	240428BB	P*****
2016	6 <sub>4</sub> 07,116	_	Bit <sub>i</sub> çtş <sub>i</sub> B	90 <b>9</b> 1
	Park_alls_comp	#gyo,160	#arriga/gg	

## To Depthy

#### The Perent Company's implied stock immists of:

	<b>5012</b>		2	λη
	-	Ament	dere.	Amount
Common stock - Priper chare Actionized Insued and unbursteel Dutationing Preferred stock - Pouto per value, 10% monadative, voting, participating, nonvoluencable and surrousvertitie	<b>9,100,000,000</b> 2,064,839,617 2,030,732,360	<b>Pt_100,000,000</b> 2,064,839,617 2,030,732,360	8,1000,0000,000 4,003,6600,676 2,006,067,120	ტენიი,თთი,თთ გიდგამმტეფშ გითმეთმეენთ
Asthorized, issued and outstanding - 4 compose, more shares	4000,000,000	400,000,000	4000,000,000	400,000,000

On Harch 16, 2005, the Perent Company beauthed its Initial Public Officing where a total of 745,55 million common shares were officed at an officing prior of P6.50 per share. The Perent Company has 848 and 800 existing certificated shareholders as of Bosonikor 21, 2018 and 2017, respectively. The Stripless shareholders are secured under PCP Horsinan Corporation (Filipino) and PCP Horsinan Corporation (Non-Filipino).

On March 1, 2018, the Board of Directors (KCD) approved the following:

- assembles to the Period Company's Articles of Immposition to exclude the guston will be normal above from
  the pre-coupling rights of existing stockholders, and authored the soid assembles to approve by the
  attributions; and
- all at most and unburgent incurse of up to gonzo will be norman shows for the purpose of embarging such shows for exects and/or relating funds to anythe assets needed for the luminous of the Parist Company.

On April 16, 2016, the stockholders of the Parent Company approved the amendment of the Seventh Article of the Articles of Incorporation to except from pre-cruptive rights genues million uninsual someon shares ("conveil-out shares") which are reserved or allowed for insurance in one or more transactions or offerings, (f) for properties or assets needed for the business of the Parent Company, or (f) for match to acquire properties or assets needed for the business of the Parent Company. The issuess of all or any of the served-out shares does not require the approval of stockholders.

The recomment of the Parent Company's outstanding account stock follows:

	<b>14</b> 12	2017
Harrion of shorts at legitaring of year	Ph/455,087,166	45/05/1887 080
Ariffican	4,486,242	Mark calls
Harder of shores at each of your	Ph, ngn, jiya, gan	Pa,ca6,c67,122

#### oi 11 ......

The following table shows the man diskbasis designal by the Perest Company's 500 on the outstanding capital stock for each of the three (g) years ended Secondary 81, 2018:

	Per Maura	Ament I		
Payment	Pertinipating	Commercial		Conferencies
Deta	Professod Macros		Certe	Deta
Planti 2 <u>1</u> , 2016	<b>Ролці18</b> 7	<b>#0.48</b> 90	Marsh 11, 2018	Patrumy 28, 2016
Cotober all, 2016	CAMPBY	0.4690	Ontober 17, 2018	Dotober 💁 2016
December 16, acris	n.olono	_	Department 7, 2018	Hoverston 22, 2016
Hambal, soly	- Contacti	cr4zité	Florid 15, 2017	Planth 1, soly
November 2, 2017	- CONTRACT	tránhi	Colober 15, acts	Chalcular & 2017
December 30, 301y	n.olono	_	Department 6, 2017	November 25, 2017
March #8, #018	OCH CO	O-MECOS	March 15, actif	Harah 1, acrid
<b>المادد باج سشماست</b>	0.0428	0.4288	Databar 17, 2016	Colorber a, acridi
Describer 20, 2018	n.olono	-	Downton 6, 2016	Howardon so, solil

There are no dividuals in arrenes for the Parant Company's participating professed shares as of Commiss 21, 2018, 2017, and mile.

Retained contige

The approval tenines: Flux includes planted aspital expenditures on () service continuity, (i) service accordinity, (ii) service accordinity, (iii) service accordinate (iii) service 
- Service continuity projects are underwored to aniatain the level of service provided to its suntament over in times ofodanity
- Service assemblidity projects would enable the Parent Company to expect its service enverage;
- Water sounity projects include two compounds: (f) new units source development and, (s) existing units source rehabilitation and improvement; and
- Projects under the Environmental Sustainability Investment untegray are comprised of westmentar projects. endowned to soling the Perent Company's restaurier coverage togets.

On November 20, 2016, November 25, 2017, and November 22, 2016, the Perset Company's 600 approved the appropriation of Pp.75 billion, Pp.80 billion, and Potato billion, requestively, to assure the completion of the Perset Company's large system projects included in its approved Business Plan. The implementation of these projects is consistent with the timeline of the approved technological which covers until the end of the concession period.

Retained comings include the ecouradated equity in architelisated act comings of consolidated subsidiaries and escociates ecourated for under the equity method escouring to 48,207,74 million and Pa,808,00 million as of Bosombergs, 2018 and 2017), respectively, which are not excitable for dividend designation by the Parent Company until these are declared by the inventos numperies.

is econordame with SRC Rule 68, as Amendral (2011), Armen 68-C, the Perent Company's retained comings available for disident declaration as of Resember 21, 2018 and 2017 smoontal to Pyuz billion and Pyuzs billion, requestively.

Security Stani Option Plan (Security 207), Separated Security 207, and 800ML The subscribed shares are officially breated as options constitute within a given period which is the same time as the grantee's payment schedule.

For the unsubscribed shares of the ENDAM grants in sorts and 2012, the employee still, has the option to subscribe within жиж (у) уолда.

The fair values of stock options greatest are estimated on the state of great using the Simonial Tree Hodel and Stack-Endoles Herton Formula, taking into amount the terms and conditions upon which the options were greated. The expected volatility was determined based on an independent valuation.

The fair value of stank options greated under ESDAM at great date and the assumptions used to determine the fair value of the stock options follows:

_	Grant Calus			
	Planth y, anti6	Falmery to, solg	Hoverbur 1g, 2018	Cotrober 6, sorte
Harden of shores greated	16,054,878	7,481,847	8,827,100	4774414
Harriag of unsubscribed				
<del>dece</del>	5 <b>161/14</b> 0	884.87	251,880	460,000
Rair value of each option	<b>46.74</b>	File	Pin.g8	#Ly6
Weighted everage share price	#Mag	₩ZL <sub>BS</sub>	<b>₹2,0</b> 0	#26.24
<del>Parain</del> p <del>rinc</del>	Pay.gd	#25.00	#2±.g2	#24.07
Expected volatility	2494%	20.02%	24.80%	80.88%
Ehridend yield	2.00%	46%	2-47%	2.58%
Mink-free indepent rate	3-45%	8-78**	1.00%	4.67%

To origo the rights provided for in the ESEAWA, the greates should be with the Permit Company at the time the holding partial expires. The holding period of the ESEAWA shares greated follows:

Your	Holding Period
After one year from subscription date	40%
After two years from subscription date	20%
After these years from substriction date	<b>37%</b>

For the 2015 and provious years' givents, the EESWM givetous were allowed to submittee fully or partially to whatever allowedon may have been givented to them. In most of partial submittious, the employees are still allowed to submittee to the remaining membershed shares givented to their provided that this would be made at the start of Year 5 from givent date up to the end of Year 8. Any additional submittion made by the employee (after the initial submittion) will be subjected to another three (ii)-year holding period. For the 2018 and 2015 givents, membershed shares were forfeited.

Hovernouts in the number of stock options outstanding under EXXXVI are as follows:

	T-4	fried warefu	Weighted average		
	<b>1001</b>	ocale pie	2017	marcika priba	
Balance at beginning of year	ing Lyaka	Pit-48	484.700	<b>₽28.49</b>	
Campletion	(100,400)	-	(4.48A.780)		
Balance at end of year	157,400	Pit-48	2 <b>11</b> ,950	<b>₹28.49</b>	

Noted expense existing from expity-settled above-bound payment transmittens amounted to Peg.gy million, Assty million, and Pigson million in softly, and york, respectively.

On March 6, 2018, the Renameration Committee of the Pernet Company's Board of Directors approved the greate of ESDWN equivalent to 18,054,873 shares at the submispiles prior of Pay,31 per share. The submispiles prior is equivalent to the example closing prior of Parent Company's common shares at the PSE for beauty (ac) common the trading days ending Parent 8, 2018.

The expected life of the options is based on management's estimate and is not necessarily infinitive of exemine patterns that may occur. The Perent Company's expected volatility was used as an input in the valuation of the outstanding options. The expected volatility reflects the assumption that the historical volatility is indicative of future treads, which may also not necessarily reflect the actual outcomes.

No other features of the options greated new incorporated into the measurement of fair value.

#### Other equity recovers

On Play is, sorts, the Perent Company and portion of its inventment in PAV Computing to Visual Development Corporation (VBC) which descended its companion by to % without loss of spectral. Proceeds from the sale separated to Pig.co william and the pinh of Pago million was presented as part of "Other equity reserves" in the compalished statement of financial position.

In 2018, FRATY immused its caracterist in the Constraint from glass % to grass and MW Constraint in Cobe Water from glass % to grass % and MW Constraint in Cobe Water from glass % to grass % to grass from the immuse of reducerable preferred shares. This resulted to a corresponding increase in effective constraint of MWPV in Cobe Water from 20.00% to grass 6%. The Broup recognized gain on effection of non-controlling interest amounting to Rep. 8 million and presented this as part of "Other capity reserves" in the consolidated statements of financial position.

## is. Sembyl per Mare

Samings per share amounts attributable to equity holdons of the Perent Company for the years unded Secondary 81, 2018, 2017, and 2018 were computed as follows:

	2412	20ty	2016
Hat income attributable to equity			
halders of the Perset Company	PR_C14_700,712	<b>#5,146,606,61</b> 7	P6,066,000,646
Loss dvislands on professed shares"	1,094,125,641	1,085,607,400	1,045,090,489
Hat income attributable to sources			
shareholders for basic and diluted			
ournings per minera	PE-physical September	#EJHLJ00\P79	<b>₹5.002,190,49</b> 8
Weighted everage number of shares for			
bearin countries por share	P1,050,124,13 <u>0</u>	Радо <u>рад</u> 660а, дуб	Po <sub>4</sub> Ogg <sub>4</sub> 6664_gy6
Dilutive shares arising from stock options	77-78 <del>0</del>	\176478	1374.884
Adjusted weighted wenge number of			
common stories for diletari carrings			
per share	Physician arig	#LOS4,ByS,CAS	Pologijayi, gyo
laak makgipur shere	Philip	₹2.4gg	PLAS
Diluted country's per share	Picilia	<b>₹2.49</b>	#22.44

Terleding and specifying and made bear and in the contract of 
#### at. Related Party Transpositions

Parties are somidered to be related to the Group if it has the shifty, directly or infirmity, to control the Group or emoise significant influence over the Group is making it manial and operating desirious, or view verse, or where the Group and the party are subject to someon control or common significant influence. Belated parties may be infividuals (being members of key somegeness personnel and/or their since family members) or other emitties and instants emitties which are under the significant influence of related parties of the Group where those parties are infividuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any emity that is a related party of the Group.

In the normal source of business, the Group has transactions with related parties. The sales and investments to related parties and service agreements are based on rates agreed upon by the parties. Outstanding believes at your-end are uncoured and interest-fee. These have been no guarantees provided or reached for any related party manifelies or payables. As of Committee gl, sold and soly, the Broup has not recognized any EC2 relating to amounts countly related parties. This assument is undertaken each financial year by manifely the financial position of the related party and the number in which the related party operates.

## Significant transactions with related parties folious:

a. The Perent Company extend into an Administrative and Support Services Agreement (ASSA) with Ayala in 1937, being its spourer as required during the privatization process. The ASSA was initially effective for ten (to) years and astomatically renearable every five (g) years. Under the agreement, Ayala shall provide technical and other bareainige, experience and shifts acrossocially renearably necessary for the development, administration and operation of the communion, for which the Perent Company shall pay an assent base fee of USEA.comillion and adjusted for the effect of CPL. As a result, surfain key management positions are executed by employees of Ayala.

On March 1, 2017, the BCD confirmed the automatic renewal of the ASSA between the Parent Company and Ayela for another five (g) years until July 80, 2012 and approved the assendment reclaning the base fee to \$1.00 per year beginning. August 1, 2017.

Total management and professional feet clarged to operations arising from these agreements amounted to #205,22 million, #256.20 million, and Page.84 million in 2018, 2019 and 2016, respectively. Total outstanding psychias amounted to rel. as of December 81, 2018 and 2019.

 The following tables provide the total amount of all other transactions that have been external into with the Perent Company's shareholders and affiliates for the relevant financial year;

	Cambi in Basi	lessed Contr		
	Equipminal Control	Equivalents (Note 5)		Mara (Morto d)
	<b>M12</b>	acity	MILE	20ty
Marshelster .				
Ayeda.	₽-	-	FM,774	<b>48.77</b> 8
Affina				
ALI and extendingles	-	_	To House	281 <u>, 1829, (85</u> )
AC Industrial Technology			-	
Holdings, Inc. (ARHI)				
and <b>substitution</b>	-	-	*64.047	10,480
Blobs Telenos, Iss.				
(Globe) and				
<del>عداد الأفراد</del>	-	_	***	98,097
BFI and subsidiaries	<u> </u>	1.888.044.031	116,869	<b>Fig.1008</b>
	<u> </u>	2.556.044.037	TT-124-44	alla,ylougha
	Parties Marian	APSSPORT.	PIFLAGRAD	#282yma_980

Cash in hards and man equivalents portain to deposits and investments with original maturities of three  $\langle g \rangle$  months or less from the date of original copulation.

Trade remivables are primarily compound of manisables for value and emerge services readered by the Group. These are non-interest bouring and are collectible within thirty (po) days from bill generation. No allowance for ECL was provided for receivables from related parties as of Benerator 31, 2018 and 2017.

	Treats Payables (Note to)		Long-tarm Dakt (Note L <sub>4</sub> )	
	1412	acity	9412	acity
Affliction				
All and subsidiaries	PELICAL JUT	Page 124	₽-	₽-
BFI and subsidiaries	887/144	_	Carl Mary T.	
	PERTAP	Pausa, traj	PERSONAL PROPERTY.	P-

Trade psychian partain to returtions declaried from contractors' billings and are normally paid within a year after project acceptance.

Long-term shelp partisins to learn made by Romany Water with EFI (see Note 14). There was no long-term disht with related parties as of Secondaryst, 2017.

	Loren		Paralama	•
	MIL	2017		2017
Charabalden		_		•
Agusta.	PE,100 p07	P6.866,186	Pining, 2000, 1922	#278,204,408
Alleran				
All and subsidiaries	124,075,002	648.008.CM	274.442,790	<b>16,135344</b>
EP1 and subsidiaries	200 1004-2011	T1,294,84E	27,444.225	1,157,858
Bioba and milatifacion	1.004.544	9/Brofale	3173,574	24.360.476
integrated Plantalautrosius,				
ho. (171) and subsidiaries	47,747,454	24,771,000	-	-
ATTH and unbelliates	CACCASE	6.780.8ta	16.784,463	75.5 (4.5 V)
AC Energy Holdings, Iros.	-	-	-	
(AC Emply)	-	_	277.27°-44	180,805,778
HEZ Technology Partners,				
Inc.	-	-	1,575,480	64774927
	700,447,545	586. <b>38</b> 6.803	74,726,828	450.070.004
	PFER FFE THE	PRESS,7493,794	Pythiatia, III.a	Pygo, tay, ygo

Revenue is mainly attributable to vater and used water services and facilities, and supervision fees rendered by the Group to its share-index and affiliates.

Purchases from related parties arise from the following transactions:

- Ayela for management form;
- Att and substitution for routal of office space;
- BFI for building transmittens and financial services such as incomen;
- Bloke for teleponarunioation survices;
- AC Energy for purchase of power;
- ATHI and its subsidiaries for consisting of transportation equipment; and
- HCZ Technology Partners, tro. for payroll recognization should
- o. On Jerussy 15, 2016, PMPV external into a MCA with ALI and its subsidiaries and affiliates (the ALI Group) whereby HMPV shall containedly provide water and such securious and facilities to all ALI Broup property development projects in the Philippines. Revenue securidly HMPV from the agreement, included under "Supervision from", amounted to Agracus; million and Psycha million in 2018 and 2019, respectively (see Note 17).
- d. On April 18, 2018, PMPY entered into a NOA with Laguan Technoper's Inc. (LT), urbarely through its clubion, Entate Water, PMPY shall enclusively provide senter and used varies reminento LT's Cavite Technoper's leasted in Instantity Subseq. Noice, Cavite, and in pursuit of this objective, to construct, develop, finance, and can the water facilities and used water facilities under the terms and conditions set out in the NOA. For and in consideration of the construction and development of the senter facilities and used vater facilities and the remittion of the services by PMPY, LTI shall pay a separity charge. Capacity charge, included under "Supervision fam," amounted to 85.1s million and 845.7s million in 2018 and 2017, respectively (see Rate 17).
- On Becomber 20, 2017, Romany Water signed a Routh Comibes Loan and Susmity Agreement in the amount of 82-up hillion with the RPL. The loan will be used to finance the general surporate and capital expenditures requirements of Boracey Water. The surrying value of loan as of Concerber 21, 2018 and 2017 executed to 8335.85 million and all, respectively.
- In Explanabor 2017, the Parent Company entered into an Open Assem Contrast with AC Energy which will mover a
  two (a) year supply of electricity to five (c) of the Parent Company's facilities assembly enrolled under Open Assem.
  As of Secenber 31, 2018 and 2017, the Group has guaranty deposits with AC Energy encounting to 83, 23 million.
- g. On April g, 2002, Legium Water entered into a surremains agreement (as severaled on March yt, 2004, 2014, 2014, 2014) with PSL, one of its shareholders. Concernion fees paid to PSL ensounted to Again; million and Py.g.4 million in 2018 and 2017, respectively (see Notes 1 and 27).
- On Becomber 17, 2008, Burnory Water entered into a numerator agreement with TIEZA. Communion fees paid to TIEZA amounted to Path-40 million and Pag.48 million in 2018 and 2017, respensively (see Notes 1 and 27).
- One of the truston banks which manages the Broup's retinanent found is MM, an affiliate. The Group's plan anoth under BM amounted to Apply.4s million and Apply.14 million as of Bosombergs, 2018 and 2017, respectively (see Moto tg).
- Conservation of key management personnel of the Group by boundt type, included as part of "Subries, sugar and supplyee insofts," are as follows:

1412	2017
PEPERPERAL	Pgos,96s,gty
Tel Pensity 4	16,404,047
70.000 ALL	10,848,080
Per <u>al Ca</u> llage	<b>PSIN_BIBLOS4</b>
	P(70,874,645 To Tensi74 That 6,455

## to. Elgi Meant Contracts with the West Sons Concessionaline

to relation to the Concession Agreement, the Parent Company entered into the following contrasts with Physilada

- a. Interconnection Agreement wherein the two Concernionsine formed an unincorporated joint venture that will resemple, operate, and resistain interconnection facilities. The terms of the agreement provide, among others, the cost and the volume of variet to be invarional between costs.
- b. Joint Venture Arrangement that will operate, maintain, resure, and as appropriate, decommission common purpose facilities, and perform other functions pursuant to end in accordance with the provisions of the Agreement and performanch other functions relating to the communion (and the surrounder of the West Zone Communionsire) as the Concessionsires may also us to delegate to the joint venture, subject to the approval of HWSS.
- o. In March 2010, MWSS entered into a loan agreement with Tim Export-Import lead of Clina to Summe the August Water Utilization and Aquadust Improvement Project Plane II (the Project). Total loan Smilly in US/MS.So million with maturity of teamty (20) years, including five (g) years of grace period. Interest rate is 2% per armon. MWSS then entered into a MOA with the Percent Company and Magaillad for the Percent Company and Magaillad for the Percent Company and Magaillad to shoulder equally the repayment of the loan, with such rapayment to be part of the communion fees (and Note to).
- d. On May to, 2015, MWSS entered into a MEA with the Perset Company and Physikal for the Augist Water Transmission Improvement Project (Augist Transmission Project). The Augist Transmission Project aims to improve the reliability and sourcity of the reasonable coming from the Augist Darn through the reliabilitation of the transmission system from two to La Mean and the application of water satisfy, risk and source management plans. Subsequently, on Pay 27, 2018, MWSS entered in to a lone agreement with Asian Development Bank to finance the Augist Transmission Project. The loan amounts to US\$\text{\$\te

## tg. Ameta Held in Treat

## HW488

The Perent Company is greated the right to operate, maintain in good working order, requir, documentation and refutbish the movable property required to provide the varier and sensoring services under the Concention Agreement. The high liftle to all movable property in existence at the Commonocenant Sete, increase, shall be retained by HW88 and upon expiration of the useful life of any such movable property as may be determined by the Perent Company, such movable property shall be returned to HW88 in its then-current wordition at no olongia to HW88 or the Perent Company.

The Concession Agreement also provides for the Concessionairos to laws equal assess to HWSS facilities involved in the provision of units: supply and seasonage services in both the East and West Zones including, but not limited to, the HWSS management information system, hilling system, telemetry system, central control room and central records.

The not book value of the facilities transferred to the Perent Company on Commencement Bate board on HW88' slowing smilt report amounted to 49,50 billion, with a sound value of Pro.40 billion.

In 2015, the Parent Company engaged the services of Boyal Asia Approximal Corporation to conduct a re-approximal of the assets remarged by the Parent Company as of 2014, based on the asset registry as of Securabor 21, 2015. Total reproduction must as of Occamber 21, 2015 amounted to 412,47 billion, with a sound value of 485,40 billion.

HW85' surpose inadparters is raide available to the Domessionaires starting August 1, 1927, subject to periodic renessal by rantoni agramment of the parties. The lease was last renessed on Dotober 27, 2008. On August 28, 2014, additional office space was leased by the Parent Company. Rust expense encounted to 49.2.25 million, P27,75 million, and P48.46 million is 2018, 2017, and 2018, respectively. These are included under "Dompenoy scale" in the compilated statements of comprehensive income.

is March sorts, the Parent Company and PMMS entered into an agreement for the lease of a portion of the Bus Jum Reservoir and Aquedust Complex being utilized by the Parent Company as stockyard for its pipes and other materials. The lease agreement shall continue to be in effect until the termination of the Concession Agreement. Pent expense rangulated is sorts to sent an entered to P46.50 million each year which is included under "Company costs" in the consolidated statement of comprehensive income.

#### 184

Lagum Water is granted the right to manage, compy, operate, repair, maintain, descriminates and refurbish the property required to provide seater survices under its concession agreement with PSL. The legal title of all property is existence at the commencement data shall be retained by PSL. Upon expiration of the model life of any such property as any be determined by Lagum Water, such property shall be retained to PSL in its then condition at no sharge to PSL or Lagum. Water.

is sold, Legium Water engaged the services of Course Appraison to conduct a re-appraisal of PGL exects on record as of Becoming at, solg. Total replacement cost as of Becoming at, solg amounted to Payig8.38 million with a sound value of Payig8.19 million.

#### THEFA

Iteracy Water is greated the right to operate, resistain in good working order, requir, decommission and refurbish all fixed and morehin property (compt retained anote) required to provide the water and succession under its normalism agreement with TEZA. The legal title to all times exects in existence at the commencement siste, however, whall be retained by TISZA and upon expiration of the more life of such senses as may be determined by Romany Water, such assets shall be returned to TISZA in its time-surrent condition at no charge to TISZA or Borancy Water.

The not back value of the finition transferred to homeny Water on normancement date based on TEZA's obeing sufficient amounted to #881.44 million.

is sole, Burnary Water engaged the services of Course Appraisas, Inc. to conduct an appraisal of its easels as of August 18 to an, arty. Total replacement must as of December 31, sorty amounted to 41.11 billion with a social value of Page 41 million.

#### пил

On Children to, 201y, Chardo Water is granted the right to manage, operate, maintain, repeir, reliebish and improve, expand and as appropriate, describation all final and moveble assets, including moveble property but excluding retained assets, required to provide water delivery and scalation services in the Manhalpality of Obsado. Legal title to all finalities (including any final assets resulting from the consoles of rights and powers), other than near assets contributed by Obsado Water, shall remain with OWO.

#### 2000

On Catolier 25, 2017, Cabaleo is greated the right to develop, reseape, operate, maintain, repair, refurbith and improve, expend and as appropriate, denountaine all fined and receable amote, imbelling receable property but embeding retained amote, required to provide water delivery and senitation services in the Municipality of Calanino. Legal title to all facilities (imbelling any fixed amote resulting from the mercine of rights and powers), other than new samets multiluted by Calanino Water, shall remain with CMC.

## top. Regiment information

Eminen segment information is reported on the basis that is used internally for evaluating segment performance and desiring hearte allocate resources among operating segments. Assurdingly, the segment information is reported based on gaugesphin location.

The Group's NEO and Hangement Committee monitors the operating results of its business agreems expensively for the purpose of making decisions about resource allocation and performance assuments. Registent performance is evaluated based on profit or loss and is resourced consistently with profit or loss in the susualidated financial statements.

Transfer prime between operating engineers are or an arms' length besis in a manaer similar to transactions with third parties.

The amount of anginent anoth and liabilities are based on measurement principles that are similar with those used in numering assets and liabilities in the consolidated statement of linewish position which is in accordance with FFES.

# The augments where the Broup operates follow:

- Handa Concession and Head Office represents the operations of the Manife Communics (East Zone) of the Perent.
   Company is secondarion with its Concession Agreement.
- Bossestin Bubaidianies represents the financial results of the Philippine businesses such as RWRs, Calasino Water, and
  HWFV (including Legima Water, Clark Water, Bossesy Water, Filipines Water, Chando Water, Buldon Water, 1999
  Connections, Color Water, Bowso Water, Tagers Water, 890C, Aqua Contro, NWB, EncWater, Loyte Water, and
  Zeroloungh Water).
- Roreign Subsidiaries somists of husinesse outside the Philippines under HWAP (NWOM), Asia Water, TOWN, EDWIS, HWITE, POSEA, and PTHWS.

Behalls of the Group's operating augments as of and for the years maded Discember 31, 2016, 2017, and 2018 we as follows:

	Manila			
	والمراجعة	وأخسون المراجع	Foreign	
	Head Ciffee	Calculate rise		أصاط أطعا
		(in These	<b></b> )	
Lorens				
Sales to external customers	PM,189_644	Ph. 677,724	Ping 007	Fig.Rys.sys
Operating expenses (moderling deproduction				
and am <del>ortization)</del>	شخورة فحفري	2284,881	472.047	2,072,022
Other beneat ( <del>capanas)</del> – set				
Equity share in set income of accordance	-	-	Sec. 140	4es/4e
Noveme from reinbilitation works	4,762,000	1,456.272	-	2 m 27
Cost of rehabilitation works	(2,702£2m)	(14P1474)	-	(2,841,277)
Other income - set	999, Bg1	30,070	(Marin)	76.00
<b>што</b> А	TL\$65.754	1,464,151	277.4±±	16,616,645
Depresiation and amortization	4,778,861	472.641	488	4,822,074
been lefter interest beens (experis)	24244	673-434	274,640	nother t
Interest income	992,421	776.174	2,414	477,834
Interest expense	(1,427,446)	(224,446)	(194,420)	(1,734,542)
tomos lados kames tax	2,004,024	951.504	954,944	2,671,516
Province for income too	1,819,821	164,142	4.442	1,075,417
Net lawn	4,124,224	201,251	MS 174	4,745,444
Other emprehensive langua	•			
Cumulative translation adjustment	-	_	خلكريض	خدار بدار
Astrocial gain (loss) on pension Babilities - ust	(74-979)	1 marks	- •-	(22,042)
Imome but of first	-	(4,100)	_	(4,740)
Tatal majordandos kannos	PR,16q,24E	Phint, The	7=44	P7,164,002
•				,
Total net immune attributable to:				
Equity holders of the Parent Company	P4,124,244	Patient	PhotoGot	PR.C19.700
Non-controlling interests		Tidanil	307	These
	M,124,245	Pates	Phys. 874	PARAGAM
	ومعامدات			
Total sursprehensive income attributable to:				
Equity holders of the Parent Company	PH,169,266		P <b>782,127</b>	PR-287-14E
No autoligistresis		Thept	207	T15, 544
	PR,16g,26G	Philip.	PTRACE	77,700,000

(Romand)

	Manife			
	احد مشدهد	طنده ست	Foreign	
	Head Office			
		(bo These	<b></b> )	
Other Information				
Regiment amounts, continuing of inventments in amounts, and disferred top amounts				
restructs in excists	Pag. 7:77.600	Pla_EMA_FTE	PERAMA AND	P146.174.784
Colorect ton security	196584	-	<b>*6354342</b>	149444 149444
	Pagasia 18a	Più/jskaiż	FIE,571, 464	P100, 010, 010
			r-piq-	rus est
egunt falilities, emission of deferred to:	Page and Cale	Physics, Lat.	PEJ4SA42	
		- <u></u>	41	PER JOAN, TO
clared to inhibite.	_	104.105	_	149,144
	Page add City	FILANCE FIL	PLJ45,441	PREMIES, MA
			41.	
egenet additions to property, plant and				
equipment and SCA	PLACE ACL	Philipson	PI, pAI	FT, 88 <u>4</u> . FT
Squadation and amortization	P4,178,861	Page Cal	F4BB	PA,REE,B94
				,
knowie expenses (Income) other time				
deposition and anortisation	Feb.Che	Philipping	PREMA	P319, 644
			20ty	
	Name of the last			
	Domestics and	Occupation	Roreigin	
	Head Office		and the later is a	Domo <b>filate</b>
		(în The	nards)	
in water		•	•	
Sales to external customers	Ac. at 4.45	<b>46,289,882</b>	<b>467.8</b> 16	PALSETP
parating expenses (controlling depositation	·			
and servitation)	4.688.884	2,652,287	<b>164,089</b>	7. <b>280.28</b> 0
ther income (expenses) — set				
quity share in set income of executates	-	-	4574 MB	45%
evenne from reinbilitation works	MA. 164.187	1,516,000	-	11,872,187
out of rehabilitation works	(artetal)	(0.004844)	_	(predoved
ther income	<b>45-47</b>	64.087		BAT A
	10,8 <b>09,91</b> 8	Agg* Aggs	97 AV	11,695,375
Approximation and amortization	2017/217	506.186	₫68	245648
nome before interest insome (expense)	8,858,711	454599	250/084	8/16/17
alorest income	1471,688s	165.88s	2,192	845.70
nterent expense moune before favorus tax	(147,544)	(267-682)		(r456-38
	7,356,550	294,780	220,056	8,081,878
rodia for income to	1,665,618	275,414	2	18/18/6
int income	6 <b>/64.1</b> 17	Y16,576	88A-84	6,168.80
Other comprehensive image			4	4-0
Cumulative Imaginism adjustment			108,488	108,488
letuuriul guin (kour) on peruinn Rebilliles - met moone tus effent	(58,468) 	\1887 6-0	_	(17) '61 ****
	907	(81)		M6
Notal sursprehenalive income	<b>₽</b> 5.885,758	₽¥17,822	P440,742	#6,1gp,1so

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			acity	
	Marilla		•	
	Committee and	Cornection	Roreigin	
	Head Cilias	والمثلاث الم	المنظمات المناه	Compatibilities
		(în Thou	nersk)	
Total net immune attributable to:				
Equity halders of the Parent Company	P6.494.877	F125,458	Programme Company	#8,146,6m8
Non-controlling interests		(8,286)	2,602	(6,881)
	45.48A.817	PMS <sub>aT/S</sub>	PERSON	P6,168.8(7
Total sursprehensive income attributable to: Equity holders of the Parent Company		For Sco	Aug to	DE transcer
Non-controlling interests	<b>₹5.005.75</b> 0	#125,858 (8,097)	#4,86,121 2,802	PONE7/1886 (5-476)
122 23 23 23 23 23 23 23 23 23 23 23 23 2	<b>₽</b> 5.685.758	#ty#d	P440-748	#6,1ga,1a0
	A COLUMN TO THE	41,000	-44-440	*upgque
Other information				
Segment exects, exclusive of investments in				
empoletus and deferred tax security	Pyll,doll,max	PHILIDE, ILeS	Pussets	Paris 25, 687
lections in excision	-	_	6,796,087	6,796,087
Deferred ten seemts	1/08/472	107,880	-,,,,,	1,200,782
	P/8_301_3/4	P46,g81,208	<b>#7,221,858</b>	#06.884.08
	- 1		- 1	
Segment <b>Inhibition</b> , contains of deferred the				
Salatina.	######################################	#OLEYILE	P60,089	PG4,720,198
Definied ton liabilities		Mag		#11 <sub>-548</sub>
	Algoryto and	#O.88s.Jos	Pilitopogg	954-788/JBP
Segment additions to property, plant and				
equipment and SCA	Pio <sub>s</sub> 400,000	PLEBO <sub>47</sub> 81	<b>₽8</b> 98	PARKER
	_			
Sepreniation and smortization	Радарулагу	Parca tas	P668	#ALEST COMP
Horocack expenses (income) other time	<b>4</b> -3		_	
deposition and anortization	(P46,827)	<b>FB05.448</b>	₽-	Pg/88,8g2
	100.00		auti6	
	Comments and	Cornectio	Roreigh	
	Head Cilia		<del>na ag</del> .	Domo <b>filated</b>
		(în Thou		
Economic Control of the Control of t		<b>L</b>	,	
Sales to external customers	PALEYSL 224	#2,784,687	₽-	Physm <sub>i</sub> gh
Operating expenses (embuding depreciation		,	-	,,,
and smortization)	4810, W2	<b>₩6</b> 7 <b>/6</b> 68	124,744	6,182,585
Other income (expenses) – est	•			
Equity share in set income of executates	-	-	<b>206,0</b> 00	<b>556,85</b> 0
Revenue from reinbilitation arodo	E-204-04	1,580,077	-	9'804'908
Cost of rehabilitation works		(Alexandry)	-	(84,904,50E)
Other income	54.WI	(8,878)	88,187	вили
ENTRA	1042138	1,271,085	277,288	11,871,491
Sepreciation and amortization	TEX 40	340,178		2,666,04
Income before interest insome (expense)	7,087,54	880,877	277,080	P105***8
Interest Process	cotas	161 <u>,6</u> 17	847	257,184
Informat experimen	(r <del>. 242-240</del> )	(1881.4 <sup>87</sup> /)	_	(r45850A)

(Remard)

2016 ¥ اده مشد وأوجون الأراب Roreigh حاملانه اح والمتالة الم Head Cilias Compalitated (in Thousands) laccame believe insurae tax #6,yBa,got P8gp<sub>4</sub>gar7 P271/887 P7.688.876 Province for income too 1,545,517 TELES 1,745.275 Mat income Eagle agai **690,36**8 27)/887 **6,186**,880 Other comprehensive iscome Cumulative translation adjustment **#88,7372 #88,7772** Astonrial gain (Lour) on penaion Babilities - unt 170,040 14,044 167,050 (WBB) #8,681,478° Total sursprehensive income PERFECTOR Pg56,1eg Pycon, 1240 Total net immens attributable to: Equity holders of the Parent Company PE\_218\_084 **7586.45**2 Pary 5, 685 P6,08<u>c</u>,991 Non-survivaling interests 120,817 θg2 121,789 P6g0,**3**6g **45,166,03**0 Paule obj <del>\$271,68</del>7 Total surspechanise income attributable to: Equity holders of the Parent Company Pery, Nos P686,277 P6,038,210 PERFECTOR Non-scriptling interests Sec. 417 Ago: 100,000 Pg86,1eg #8,681,47<del>8</del> PLUE TO P7000,1240 Other information Segment access, coolanies of investments in modetus and deferred tax seests P64-788-E84 PLASIS, 100 0 8 5 A **#76,094,19**8 leventrumts in executates 4.198.ETY & topusty 1,185,**750**9 Deferred ton seemb 1,101,168 64,581 PG\_840,662 P6,786,048 F-479-472 Segment liabilities, contains of deformed the #7,821<u>,3</u>21 P88-444-65 POPALES! Application 180 Cefered to Sublities **104584** TOTAL PROPERTY. P88-44-45 P7,826,826 Populari Aptury, ye Segment additions to property, plant and equipment and SCA P52044848 PI,868,070 **P**-**87,081,018** Dependation and amortization Pa,988,048 Page Bo **7040, 178** • Monomic expenses (income) other time Approfition and amortization (P000) PC4,865 Pex.085

The Group does not have a single customer nontributing more than to % of its total revenue.

<u>Congression</u> revenue information.

The following are the disaggregation of the Group's revenue from contracts with customers for the year ended Bosombergs, 2018:

	Phofile Commelon and Hend Office	Correctio Substitutes	Foreign <del>Cabai Baia</del>	Total
		<b>(</b> in Theo	mends)	
license from nortensis with		_	-	
autones:				
Water	Plu <sub>2</sub> 986,8 <sub>5</sub> 1	Pa, 284, 688	₽-	PE-281-618
Searce .	2. <b>46,03</b> 8	278-508	_	احرب بسي
Erwiroumental charges	2,894,808	28.24g	_	27646
Other operating irracons	448.398	886.888	25,007	1,854,725
	PAGE DATE:	<b>₹</b> 242.822	#ag.may	#8,8 <b>8</b> 8,282
Through of revenue remagnithms				
Revenue recognizad over time	P48,108,484	Pa.088.380	<b>P</b> -	Pin. 105,784
Revenue recognismi et a point		- —		, ,
intime	2474498	alle mes	#agamay	640,528
	PARAME	<b>*6.438.83</b> 2	#ag.007	FIG. 686, 282

## ig. Pair Value Hammanant

The carrying amounts approximate fair values for the Broup's financial assets and finishing due to its short-term nuturities campt for the following financial camps and financial finishine as of Committee 34, 2018 and 2017:

			5	<b>201</b> 7
	Combat Value	Rab Valen Elgalflauet Urushurvalda Irquata (Larel 4)	ComintWike	Fair Value Highilimet Unabervable Inputs (Level 8)
			venete)	
Pleasaid assets at arresticed		-	•	
Communication financial reneivable	Playjay	Pi <sub>r</sub> ph,ett	₹.,654.EE	<b>#1,188,184</b>
Oher Sarahi Saldkies				
Short-term loan	PRESIDENT.	PRESIDENT	₽-	P-
Long-torus debit	45.626.062	47,877,764	20/14/5/8	40,814,500
Service communica abiligations	7.000.007	R-R-pL design	7,447,878	A.C. P. Land
Customers' generally deposits and		_		-
other deposits	おり 単文	91 <u>0.04</u> 1	258,557	962,820
	PERMIT	Rady, Ta	#47/4BC\842	APARTARE.

The methods and corruptions used by the Group in estimating the fair value of the long-term loans and remischles and other financial liabilities such as long-term debt, austronous' generaty deposits and other deposits, and service summation obligations are as follows:

- The fair values are estimated using the discounted each flow mathedology using the Group's current incremental.
   borrowing rates for similar borrowings with materials committeet with those remaining for the liability being valued.
- b. The discount rates used for PAP-denominated form were 5.25% to 3,25% in 2018 and 2,20% to 3,47% in 2018 and 2.45% to 4.47% in 2018 and 2.45% to 5.87% in 2018 and 2.45% to 5.87% in 2018.

#### Feir Velus Historyky

There were no financial exects removed at fair value as of Occamber 21, 2016 and 2017. Carring the periods ended Boscomber 31, 2018, 2019, and 2016, there were no transfers between Level 1 and Level 2 fair value measurements and no transfers into and out of Level 3 fair value measurement.

# till. Pleasahil Plak Manageroust Objectives and Polishes

The Group's principal financial instruments comprise of each and each expinalents, communics financial receivables, short-turn delet, long-term debt, and service communics obligations. The runin purpose of the Broup's financial instruments is to fund its operations and supital expensitures. The runin risks arising from the use of financial instruments are interest rate risk, foreign numbergy risk, oraclit sisk and liquidity risk. The Group has other various financial assets such as trade receivables and psycholos which arise directly from the number of its operations.

The Perent Company's 800 revines and approves the policies for managing each of them risks. The Group monitors risks whiting from all financial instruments and regularly report fis moid managine at articles and the results of these articles to the Perent Company's 806.

The Group's risk reseagement policies are surressized below:

#### in invent rate risk

Interest rate risk is the risk that the fair value or future each flow of a financial instrument will fluctuate became of changes in market interest rates. The Broup's exposure to interest rate risk relates primarily to its financial instruments with flucting and/or final rates. Fluci rate financial instruments are subject to fair value interest rate risk while flucting rate financial instruments are subject to mak flow interest rate risk.

The Group's policy is to manage the interest payments using a min of fixed and variable rate dubts to minimize the Broup's exposure to sharpen in interest rates primarily from its long-turns debt. As of Demarker 21, 2018 and 2019, the Broup's rais of fixed interest and floating interest rate of long-turns debt are 85,31% to 14,25% and 71,35% to 28,57%, respectively.

As of Omember 21, 2018, the final interest rates of the Group's family surrousy described long-term debt are from 1.88% to 1.45% and are from 4.42% to 3.25% for Peac described long-term debt. As of Describer 21, 2019, fined interest rates of the Group's family surrousy described long-term debt are from 1.35% to 4.86% and are from 4.65% to 3.00% for Peac described long-term debt. Housing interest rates are bessel on 8-month LEGR plus sample as of Describer 21, 2018 and 2017.

	` <b>I</b>	1	1	1	'				(4) and (4)
1	<b>}</b> [		,	,	,	;	,	;	

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		Appropriate Company	Designation	1					֓֞֞֞֞֞֞֞֞֞֓֓֓֞֟֞֞֓֓֓֞֟֟֞֓֓֓֓֞֟֞֓֓֓֓֓֓֞֟֞֓֓֓֓֓֞֟	15
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-11-11-11-11-11-11-11-11-11-11-11-11-11	20000	000	P. E. C.	1	4	1	000,000,000	*	#	-
	***	NAME OF STREET		***	W. W. C.	Ą	1		#	
The Manager of the Party of the						The same of the same of	000,000,000	Ā	#	0000000
								*	#	
Popular Patrice		ĺ		4	4		000000	Ą	#	0000000
Photogram was a least								*	#	
		The state of				100		*	#	
Partial Vibration				OF THE			000000	Ā	#	0000000
PARTIES NAMED WITH BUILDING	THE PERSON NAMED IN			44.04	100			*	#	
Popular Property Control of the Personal Control of th			1					4	#	
POR DESIGNATION OF THE PROPERTY OF THE PROPERT	4						0000000	4	#	0000000
The Contract of the Contract o	4	1	000	1000	O TO	O THE	000000	*	#	000
Postilian Tam Karra II	1	1		1		200	0000000	*	+	00000
P. 001 - 10 - 10 - 10 - 10 - 10 - 10 - 10	1	1		1	0000	O O O	0000000	*	#	00000
			000	+	1	+	1	¥	OUT TO	
	000 O	ī	*	Ť	ī	7	1	0000	#	
<u> </u>	9					7	1		#	
	#					1	1	*	000	
POLICIAL PROPERTY VALUE (1914) COLUMN	7,254.0	7.00	-	7.00460	1.00	Per 125.15	Part of the last	7	#	-
Total in Congress Comments								484.004.004.	000,000,000	Ten and Control Part
14.70		100 TO 100		2	440.0943	Part Act Bat			000	
				ľ						

The following tables demonstrate the sensitivity of the Broop's income before immore text to a reasonably possible shange in interest rates on Secondary 1, 2018 and 2019, with all variables hold sonstant (through the impact on facility rate burnowings).

	واستوساه	Effect on Lawrence
	Banda Polata	Kafes Iranes Tex
		(in Thomason)
Planting rate incremings	100	(marre)
	(100)	<b>19.221</b>
		-
		<b>2017</b>
	Changes in	soly Effect on Income
		Eliat as Income
Floring rate borrowings		Effect on Income Before Income Tax

## Paradigin assalmanja ribili

(Formard)

The Group's foreign exchange risk results primarily from recomments of the PEP against the USD and EY. Substantially all resources are glossated in PEP and majority of capital expensitures are also in PEP. Approximately 53.81% and 44.07% of dallt as of Secondary 5, 2018 and 2017, respectively, are described in foreign currency.

information on the Broup's foreign currency-demonstrated monetary sensits and Sublition and their Penn equivalents are an follows:

			20ly		
	Coligions.	Pene	Criginal.	Pesso	
	CATTO	Squired.max	Correctly	Equivalent	
	(in th	<del></del>	( <del>l</del> e 11	cont)	
Annata					
Carl and analy expirate tex					
U80	UEDTI_\$48	PG#5-751	U80x6,y64		
CAB	CARRAGE	31,412	CAD <sub>2</sub> 88	1460	
THE	THER, ALA	10,004	_	_	
	H100 2 884,000	6.464	<b>60</b> 8887,148	<b>\</b> 8	
YME	41677.EA, 8-pt	1,728	W401,931,938	4-28	
<b>333</b> 1		-	88072	450	
JPV	_PME	***	₽¥g/A	2 <b>49</b> 8	
MOK	-	_	PERSA, BAA	644	
		PRÇA JESE		PLES.461	
والألفاد					
كالمراجة والمساحة					
JPV	.PV(E,540)	Páll, é ei	-	-	
■R	HOUL Big, Bit	61,167		am	
U3D	LEATER ST	2,082	U8D1,481	74.460	
THE	THEOLEGY	9,581	_	•••	
8:1	- EED46	9,611	880	98	
AMD	YHOM BATH	744	_	_	
RM	10411	47	_	_	
MYR	_		_	_	
PERK	_	_	инеда, Вуд	3.480	
hart-term debt:					
THE	T1902_400,0000	2.Coll.ten			

				soly		
		Penn	<b>Driginal</b>	Pesso		
	CARTE	Squirelant	Converse	Equivalent		
Long-term debt:						
JPV	ي الإي بغضي المناس	Pitagegetik	JF 455-675-750	FEW SY		
u:ao	UMENOT, E et	C-170.40E	U80117,107	E-B(7,16)		
CAB	CADER	23.234	CAD897	22.847		
Service communica abligationes						
uao		2-470-270	U8082,0 <sub>8</sub> 8	2.107.007		
JPV	JP4047,481	160,407	Page 187	88487		
Frank Fran (FB)	PRE-4	#	FWFgo8	2,785		
		21.601.342		45,167,216		
Not fireign commany-						
مانك أعلى استطعان		(P30,875,881)		(Pog. Broil, 964)		

మీ ప్రామంతుల్లు ముందు కామ్ క్రామ్మలు ముఖ్య కొన్నాలు మాక్క కృష్ణాలు ముఖ్య కుమ్మాలు మర్కువుడు. ఈ ముంది 60, గ్రామ్మల్ల ముఖ్య కామ్మల ముగలు అదే ప్రామ్మలు పలక ఏ మక్కు అదే ప్రస్తిపై ముఖ్య కమ్మార్యమారు, కృష్ణామ 100, వైస్తాప్రముఖ్య, ప్రామ్మలు ముఖ్య కనియాడు 100, అమ్మార్థాపులు పరకా ఏ మక్క

Under their respective numeration agreements, the Parent Company and Romany Water have a natural hedge on foreign contamps risks on their least and numeration for payments through a recovery menhanism in their magnetive terific (see litetus ) and (s). Thus, the Broup does not separately movement of the foreign surrendes against the Philippine Pare to have a significant affect on the Broup's income before income ton.

#### <del>धारकीरे तीर्व</del>

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or contenue contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade remissibles) and from its financial positive, including deposits with bards and financial institutions, foreign explange transactions and other financial instruments.

Customer small: risk is managed by the Broup's established policy, procedures and sometic relating to enstoner credit risk reasonables from customers is managed primarily through credit reviews and an analysis of receivables on a continuous basis. The Group has no significant commutation of wells tisk. Dutatending materiar receivables and continuous basis are regularly manifested and customer payments are facilitated through various collection reades including the use of posteleted abusis and ento-slobit energiaments.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected small knows. The provision rates are bessel on days peat due for groupings of materies regions with similar less patterns (i.e., by gaugesphinal region, and product type). The calculation relients the probability-neighbor extenses and researchin and supportable information that is available at the reporting date about part events, surrent conditions and foremets of future commonly conditions.

The produce matrix is initially based on the Group's historical observed default rates. The Broup will calibrate the matrix to adjust the historical smallt has experience with forward-locking information.

Generally, trade modwibles are written-off when described surrous woulde and are not subject to sufcoverant activity. The remains acquired to corolic risk at the reporting date is the corrying value of main class of financial exects. The information about the wealt risk exposure on the Broup's resolvables and nontract assets using a provision matrix is as follows:

					æ\$, ₩1		
	Correct			Dage	Past Doe		
	- Barrieri	سول مسا	<u> 10 m 40</u>	41 to på	Drur gé	- Separate d	
	Brade	gê Dege	Dept	Cope .	Dage	Craft Law	Total
				فعصصانا ما			
Berneivel den					-		
Transfer recombined allows							
Harila (Dutsido							
East Zone)	P122,742	********	FIR.COO	PM.778	Part, sale	PRECE	PEAL AND
Seet 2000	Time and	222.77.5	20.21	22.514		114.077	والإخلال
<b>Inventy</b>	***	76,415	7,414	4,000		التفيضاة	184,894
Clark.	45.47		<u>~</u>	27	#	H.E.	44,500
المواجعة	min. 1446.	10,544	12,700	78,467	31,250	212,254	141,500
Others	144,467	-	-	-	-	EL77*	462,427
MATC	<u> 188, 471</u>	-	-	-	-	-	<u> 188, 471</u>
Braphoyoes	20.00	-	-	-	-	-	37.23
hierest from							
heria:	******	-	-	-	-	-	******
Others	100,000						191,441
	1,462,011	455,000	1961		201,241	1,520,761	4.578,000
Committee financial							
encivables	1,047,042	-	-	-	-	14522	1,461,841
Contract exects	ايون اولا	_	_	_	-	-	
	Richard 1984	Pallana.	P1 <u>96.</u> 1 gé		PERLEAT	PI,954,384	PE-plane
				Jenes	y1, 2018		
	Correct				y 1, so18 Part Disc		
	Correct			Dept 1		Expensed	
	Samlerd.	less than	go to Bo	Days I Shitugo		Credit	_
		Less them 80 Days	Days	Days I Shitugo Days	Park Disc gA to tao Bays	-	Total
	Samlerd.		Days	Days I Shitugo	Park Disc gA to tao Bays	Credit	Total
Brand publica.	Samlerd.		Days	Days I Shitugo Days	Park Disc gA to tao Bays	Credit	Total
Trade remisables:	Samlerd.		Days	Days I Shitugo Days	Park Disc gA to tao Bays	Credit	Total
Trado remisablem Harila (Dutrido	Samlerd.		Days	Clays i Of to go Clays (in the country)	Park Disc gA to tao Bays	Credit	Total
Trule remission Harila (Dutaide Sest Zum)	Samlerd.	80 Beys 871,685	Days	Days I Shitugo Days	Park Disc gA to tao Bays	Cresik Loss Pyl <sub>s</sub> Aso	Total
Trado remisablem Harila (Dutrido	Standard Grade Pate too 145,832	go Degs	Dege	Ongo i On to go Onyo (in the amanda) Py, 876 Page 18	Park Clare git for top Gregor } Pargulags Gaussen	Credit Loss	<i>₹7</i> 24,800 1,08 <u>6,</u> 208
Trule remiedakus Hurila (Dubádo East Zum) East Zum Romany	Standard Grade	80 Beys 971,885 283,190 14,052	Clayer Paganza	Clays i di to go Clays (in thousands) Py,876	pirtortac girtortac Begs }	Credit Loss Pyl,6an gto,665 s6495	#724,800 1,085,208 172,804
Trule remissibles: Harila (Dutside Sest Zum) Sest Zum Bussony Clark	Standard Grade Pates too Lug Ses 44, cuts 84, cuts	80 Beys 971,885 283,190	Pos.128 77.44 68	Ongo i On to go Onyo (in the amanda) Py, 876 Page 18	Park Clare  ga to too  Enga  Pargulags  Galleria  Salte  Galleria  Salte  Galleria  Salte  Galleria  Salte  Galleria	Pyl,8an gto,688 g8496 6408	#724,808 1,085,208 172,804 53,878
Trule remissibles: Harila (Dutside Sest Zum Bestezum Hariany Clark Lagum	8amlard Grade Pate, too 145,623 44,448 84,977 241,122	80 Beys 971,885 283,190 14,052	Ros_1026 77,548 5.907	Olega i Olega Olega (la thomassia P7,076 P8,048 A,604	Park Clare git for tops Gages  Pargulags Gaussia	Pylysan phoyses sAuros saus saus saus saus saus saus saus sa	#724,800 1,085,208 172,804
Trule remissibles: Harila (Dutside Best Zum Best Zum Besteny Clark Lagum Others	8amlard Grade Pate, too 145,623 44,448 84,977 241,123 274,843	80 Beys 971,885 283,190 14,052	Pos.128 77.44 68	Chapti On to go Chapti (In the consti- py, 876 4804 4804 30	Park Clare  ga to too  Enga  Pargulags  Galleria  Salte  Galleria  Salte  Galleria  Salte  Galleria  Salte  Galleria	Pyl,8an gto,688 g8496 6408	#724,808 1,025,208 172,804 63,674 885,689
Trule remissibles: Harila (Dutside Best Zum Best Zum Besteny Clark Lagum Others	8amlard Grade Pate, 198 145,623 44,048 84,977 241,722 274,841 904,044	80 Beys 971,885 283,190 14,052	Pos.128 77.44 68	Chapti On to go Chapti (In the consti- py, 876 4804 4804 30	Park Clare  ga to too  Enga  Pargulags  Galleria  Salte  Galleria  Salte  Galleria  Salte  Galleria  Salte  Galleria	Pylysan phoyses sAuros saus saus saus saus saus saus saus sa	#724,800 1,085,208 172,804 63,624 885,689 801,014
Trule remissibles: Harila (Dutside Best Zum) Best Zum Reseasy Clark Lagum Others BWC Briployees	8amlard Grade Pate, too 145,623 44,448 84,977 241,123 274,843	80 Beys 971,885 283,190 14,052	Pos.128 77.44 68	Chapti On to go Chapti (In the consti- py, 876 4804 4804 30	Park Clare  ga to too  Enga  Pargulags  Galleria  Salte  Galleria  Salte  Galleria  Salte  Galleria  Salte  Galleria	Pylysan phoyses sAuros saus saus saus saus saus saus saus sa	#724,808 1,025,208 172,804 63,674 885,689
Trule remisables: Harila (Dutaide Best Zum Best Zum Bestony Clark Lagum Others Bestones Interest from	9amilard Grada Pate, 168 14,683 44,015 84,977 241,223 274,843 901,014 84,775	80 Beys 971,885 283,190 14,052	Pos.128 77.44 68	Chapti On to go Chapti (In the consti- py, 876 4804 4804 30	Park Clare  ga to too  Enga  Pargulags  Galleria  Salte  Galleria  Salte  Galleria  Salte  Galleria  Salte  Galleria	Pylysan phoyses sAuros saus saus saus saus saus saus saus sa	#724,800 1,085,208 172,804 63,678 685,044 685,889 601,014 84,778
Trule remissibles: Harille (Dutable Sest Zeen) Sest Zeen Reseasy Clark Lagium Others Swic Brigloyces Interest from Lagius	Standard Grade Pate, 198 145,623 44,448 88,977 248,728 27,4343 901,014 84,775	80 Beys 971,885 283,190 14,052	Pos.128 77.44 68	Chapti On to go Chapti (In the consti- py, 876 4804 4804 30	Park Clare  ga to too  Enga  Pargulags  Galleria  Salte  Galleria  Salte  Galleria  Salte  Galleria  Salte  Galleria	Pylysan phoyses sAuros saus saus saus saus saus saus saus sa	#724,800 1,085,208 172,804 63,678 685,044 685,889 601,014 84,778
Trule remisables: Harila (Dutaide Best Zum Best Zum Bestony Clark Lagum Others Bestones Interest from	9amilard Grade Pate, 168 145,623 44,445 84,475 27,4843 901,414 84,775 16,405 16,405	80 Begs 271,685 283,190 14,052 8,288  - -	Ros.026 77/Aqu 5.807 61 	Ongo i On to go Onyo (in the aments) Py, 8y8 Aug 18 Aug 18 	Part Disc Seps Persolas Sucre S.THS Si 	Pyli,6an glo,688 glo,688 glo,688 glo,688 glo,696 glo,696	#724,800 1,095,200 172,804 63,678 585,044 585,889 501,014 84,778 16,408 115,616
Trule remissibles: Harille (Dutable Sest Zean) Sest Zean Bossony Clark Lagium Others Swec Brigloyces Interest from basics Others	Standard Grade Pate, 198 145,623 44,448 88,977 248,728 27,4343 901,014 84,775	80 Beys 971,885 283,190 14,052	Pos.128 77.44 68	Chapti On to go Chapti (In the consti- py, 876 4804 4804 30	Park Clare  ga to too  Enga  Pargulags  Galleria  Salte  Galleria  Salte  Galleria  Salte  Galleria  Salte  Galleria	Pylysan phoyses sAuros saus saus saus saus saus saus saus sa	#724,800 1,095,208 172,804 64,678 585,044 585,889 501,014 84,778
Trute remissibles: Harille (Dutable Sest Zean Bossony Clark Lagium Others Bwc Braployees Interest from basis Others	9amilard Grade Pate, 168 146,623 44,415 84,475 27,4843 901,414 84,775 16,405 16,405	80 Begs 271,685 283,190 14,052 8,288  - -	Ros.026 77/Aqu 5.807 61 	Ongo i On to go Onyo (in the aments) Py, 8y8 Aug 18 Aug 18 	Part Disc Seps Persolas Sucre S.THS Si 	Pyly8an gloy888 gloy888 gloy88 gloy8	#794,800 1,095,208 172,804 63,678 885,689 601,014 84,778 16,408 115,616
Trule remissibles: Harille (Dutable Sest Zean) Sest Zean Bossony Clark Lagium Others Swec Brigloyces Interest from basics Others	9amilard Grade Pate, 168 145,623 44,445 84,475 27,4843 901,414 84,775 16,405 16,405	80 Begs 271,685 283,190 14,052 8,288  - -	Ros.026 77/Aqu 5.807 61 	Ongo i On to go Onyo (in the aments) Py, 8y8 Aug 18 Aug 18 	Part Disc Seps Persolas Sucre S.THS Si 	Pyli,6an glo,688 glo,688 glo,688 glo,688 glo,696 glo,696	#724,800 1,095,200 172,804 63,678 585,044 585,889 501,014 84,778 16,408 115,616

Credit risk from belances with banks and financial institutions in managed in accordance with the Broup's policy. Inventments of surplus funds are made only with approved mounterparties and within credit limits assigned to mak mounterparty.

Counterparty limits are reviewed and approved by the 800 and are updated when mountary.

Cash and muck equivalents are placed in various bunks. Material amounts are held by banks which belong to the top five (g) banks in the mountry. The rest are held by local, banks that have good reputation and loss probability of insolvency. These are considered to be loss are fit risk inventments.

## Lipsidity risi

The Gruip's objective is to maintain a balance between continuity of funding and fluibility through the use of busk overdrafts, bank learns, and debentures. The Broup's policy is to maintain a level of each that is sufficient to fund its operating cash requirements for the next four (g) to six (g) months and any claim for refund of customers' generally deposits. Capital expenditures are funded through long-term debt, while operating expenses and working region requirements are sufficiently funded through internal cash generation.

The Group's financial seasts used for liquidity reneasyment based on their materities are as follows:

		•	ane.	
			Mars them	
	Within 1 year	1- <u>4 y</u> estru	Lymn	Tutal - Eran
Annelse				
Cock and such expired sets	Paris A.Callaga	₽-	₽-	Perdent Late 1,498
<del>Taná ablaz</del>				
Castorius	2141,142,447	-	-	1747/114.047
Englisyans	41,122,784	-	-	44/11/094
interest from banks	12, 130,546	-	-	25.76E, BAS
21340	10,450,060			70,400,441
Others	TEL 041-764	-	-	<b>W1.011.024</b>
Concession financial manifestate	765,704,164	723,550,074	الوورن يُخرب عامر 1	4,554,079,455
	F14:274:447-428	P723-254, 074	الوورة يُخربها الراح	PERFECTA

		90	dy	
			More than	
	Within 1 year	1-5 years	- Symm	s Total - Bross
Anneka				
Cash and mask applications	Pacera yayan Pa	₽-	₽-	<b>49,000,744,05</b> 9
Secretary Control of the Control of				
Castoraco	2.801.804.818	_	-	2,001,004,010
Ers <b>ployees</b>	84775785	_	-	84,775,786
interest from banks	16,406,788	_	-	16,406,78
2000	60,277,047	<b>52,016,77</b> 8	-	110,000,000
Others	<b>116,486,3</b> 80	_	-	11 <u>c.</u> 816 <u>.9</u> 80
Concession financial musicable	187/CAPL-808	<b>\16</b> 2.894.248	<b>4.62.198.0</b> 20	E-E-PA 78 L-874
	₹0,276,796,886	₩'3E40g'0,0,0	et'apristra	Р47,-874,-874,0008

The Group's financial liabilities based on contractual, and accounted payments:

			Mara than	
	Wilklife 1 year	1 to Lymn	i ijeen	Tetal - Bress
Liabilities				
Assumes and other payables	77.00% 774.04A	₽-	₽-	PTANE 174 MAR
Short-term dailt*	********	-	-	2.021.032.554
Long-term debi*	7,40 <u>m.C</u> TL0g2	\$1,0g1,981,48 <u>£</u>	4-484-774-177	Character John
Service communica chlightion?	1,700,486,976	2447/04/347	L 465, ptc.451	19,724,461,081
Continuous' glurantly deposits and			-	
other deposits	-	-	774.774.44	77-47-24
	Physical Property Company	Physical Links	Physial Late	

المنافعة المتعادية المتعادية المتعادية

			acky	
			More than	
	Within 1 year	1 togyman	Буонта	Total - Bross
Liab litieux				
Assumes and other payables	<b>75.203.5</b> 41,261	₽-	₽-	45,480 <u>,54</u> ,481
Lo <del>ng term debt'</del>	<b>0.00</b> ,740,778	alana ayang	10,919,00 <u>1,81</u> 1	45,682,400,77
Sarvina anamanian abligation?	8 4 79 4 8 6 4	8-88- <b>4-6</b> 8-1-87	7 <b>.88</b> 7,888,948	12,008,201,784
Customers' glarenty deposits and				
other deposits	_	_	66 <u>8.854</u> 650	<b>664.984.85</b> 0
	Maggirophytis	Personal productions	Ptg.271,806,894	P87,788,466,448

# Charges in Rabilities whing from Securing articles:

			9012	l	
			Barrien.		
	Chart-term Colst	Long-town Dubt	Obligations	Interest Papalita	Tetal.
taken at laughting of your	₽-	PERSONAL PROPERTY.	75.443.0E.0*	PAGE 444,775	Persona
Contribute	2,554,465,146	1,764,067,056	(military	(1637,004,534)	2,007,042,061
Amerikan	-	162,550,421	425,582,682	-	C77.L00.100
interest:	-	-	-	1,41 m.Ch4,150	1,61 <u>4,634,144</u>
Concession from	-	-	848,468,148	-	542,414,146
Rordgh cashings kasas	(خود بالوالية (خدة)	1404/714/85	47,125,227	_	1449474744
	PRINCIPAL SECTION	PARTIES AND A STATE OF	77,000,000,704	P485-977-574	PROJETT, EÇOLETT

			anity .	
		Barries:		
		Companion		
	Long-term Delit	ومستنفريتها	Interest Payable	Total
taken at bujiming of your	Pary, 816, 501, 4700	P7,683,644,683	Peop.475.087	Pes,821,801,210
Contribute	11,549,40 <u>9,75</u> 5	(884,854,477)	(NEW/008464)	A-18-18-18-7
Accessible 1	184,780,187	485,086,104		620,556,471
lake valt	_	_	1,60%,010,678	1,607,0 <b>10</b> ,878
Concession feet	-	8/4t8/Box	_	8/448,802
Rordigh contange konce	<b>111</b> \884,061	EX-540.788	_	181,494,488
	PBBA794-878-488	#7,447,#75.8*D	Perso, 448,178	Appendicts

## <u> टिक्क्टीर्वे अस्तान्त्रं कार्या</u>

The primary objective of the Broup's capital recognizate strategy is to curve that it maintains a healthy expital structure, in order to maintain a strong world structure while it remindes absorbed to waite.

The Group alonely remarges its capital structure vis-à-vis a sectain target geneing ratio, which is total dubt (less service community) dividual by the sum of the total stockholders' equity and total dubt (less service services sectain). The Broup's begint geneing ratio is not at 80 %. This target is to be achieved by remarging the Broup's level of borrowings and dividual payments to alarmicidum.

	1411	2017
Total California	PRES, g10,000,0710	<b>464,832,736,8</b> 60
Less service communica chiligatican	7,000,000,744	7.447.876.810
	40,500,057,000	47,886,082,890
Total stankhaldern' equity	14.841,0 <sub>53.</sub> 1 <sub>5</sub> 0	48,650,667,428
Total.	Pila Bia Jakaba	Passays, yellosoya
South gratio	<u> 14</u> %	4E**

For purposes of computing its set dubt, the Broup imbules the outstanding behaves of its long-term slebt (imbuling surrest parties), amounts and other psychological survice surression obligations and such and such equivalents. To compute its total supital, the Broup was the total studdedoor' sprity.

	100	2017
Total Sabilities	PRE, g10,550,570	<b>454,550,788,58</b> 0
Least .		
Service communica abligations	7,500,500,304	7.447\876.8fo
Cash and mash expirations	200 Page 100	BOND,744,089
	174°E-17477	16,486,416,889
Mat dabt	CLEANING THE	28,285,218,58
Total stockholders' equity	£4,811,0 <sub>55</sub> 1,75	48.850.687.428
Total net debt and stockholders' exprity	P105,014,198,907	#86,895,015,984
Total net elebit to equity ratio	45**	44%

#### 67. Commitments

## Secret Company's Concession Agreement

The significant commitments of the Parent Company under the Concession Agreement and Extension are as follows:

- a. To pay MWSI communication feety
- b. To past a performance bond, bank guarantee or other security acceptable to PMMS in favor of PMMS as a band for the full and prompt performance of the Parent Company's obligations under the Agreement. The aggregate amounts describe in one or more installments under such performance band during the Rate Rebesing Perford to which it relates are not not below.

	Aggregate amount drawble under performans bond
Rate Relusing Period	(in US) military)
First (August 1, 1997 - December 31, 2002)	U6#yo.co
Second (Jeanny I, 2003 - December 31, 2007)	70.00
Third (January 1, 2008 - December 31, 2012)	
Rourth (January 1, soils - Demonster et., sofy)	- BOLOO
Filth (Junuary 1, 2018 - Becomber gt, 2022)	90.00
Math (January 1, 1028 - Committee (1, 1027)	90.00
Severals (James y 1, 2008 - December 21, 1032)	Erron
Eighth (January 1, 1008 - May 8, 2007)	erren

Within thirty (50) days from the consumeration and reserved date, the Period Company shall make the performance bond to be reinstated in the full encount set forth above as applicable for that year. With a minimum of to-day written notice period to the Period Company, HWSS may make one or more dressings under the performance bond relating to a linte Rebesing Period to cover amounts due to HWSS claring that period; provided, however, that no such dressing shall be made in respect of any shall that has been submitted to the Appeals Period for adjudention until the Appeals Period has been followed to the motion on the motion.

In the event that any amount pageble to PAWSS by the Parent Company is not paid when ske, such amount shall amount interest at a rate equal to that of a 184-sky Treasury till for each day it remains unpaid;

- With the Esterator, the Parent Company agreed to immune its armual share in MWSS operating budget by 100% from 4000.00 million to 4555.00 million, subject to sexual CR;
- To ment cortain specific commitments in respect of the provision of setur and enverage continus in the East Zone, unless
  deformal by MWSE-RO due to unformed advantations or modified as a result of rate rebeshing coording.

- e. To operate, maintain, remorand, as appropriate, description facilities in a manner consistent with the National Indialing Standards and best industrial, practices no that, at all times, the varier and severage system in the East Zone is capable of marking the service obligations (as such obligations may be revised from time to time by the NWSE-RO following consultation with the Percet Company);
- To repair and correct, on a priority basis, say defeat in the facilities that would askeredly affect public leadth or welfare, or course demage to presons or third-party property;
- g. To ensure that at all times, the Parent Company has sufficient financial, material and personnel resources available to matrix obligations under the Agreement; and
- To ensure that so slobt or liability that would make after the life of the Agramment will be incurred unless with the approval of MWSS.

The Perent Congany is accomitted to perform its obligations under the Concession Agreement and Extension to unlegated its continued right to operate the Communicat.

#### Lackura Michaela Concession Asimorana

The significant commitments of Lagran Water under its concession agreement with PEL are as follows:

- 4. To pay PBL soncesion force
- b. To resenge, cocupy, operate, repair, maintain, decorrelation, and referbish the transferred facilities;
- To design, construct and normalization the new facilities along the comparation period;
- d. To provide and manage the services;
- To bill and unless page est from the materials for all servings
- f. To extract our sater end wholy from all number of our sater; and
- g. To registrate in good faith with PGL any assendment or supplement to the suncession agreement to establish, operate and maintain variances facilities if ching such is financially and consumically familie.

On June 30, 2015, PSL and HWPV signed as amendment to their JVA dated November 10, 2000. Simultaneously, and consequent to the amendment of the JVA of Lagina. Water, Lagina. Water signed as assendment to its consension agreement with the PSL which includes the following:

- a. Expension of its summation area to cover all obtas and sunfolpalities in the PSL; and
- Inclusion in the survice obligations of Lagran, Water the provision of vanteranter coviers and the catalifolment of an integrated energy and suprage system in the provision.

# Legion Materia (PA vella III)

On Becomber 25, 2015, Legium Water internal on APA with LTI to exquire and operate its varies operations division in Legium. The significant manufactures of Legium Water under the approximant follows:

- Offer outer rupply and severage services to all current or future leasters in the Lagran. Rechargerly, including feture
  area(s) of expansion;
- b. Beare the evaluability of an uninterrupted sq-iour supply of sates to all consent and future locators, subject to interruptions resulting from the temporary failure of items of the Water Facilities (where Legima Water acts promptly to remark such failure) or required for the repair of the construction of the Water Facilities where such repairs or construction cannot be performed without interruption to the supply of water;
- Upon request from a surrent or future looster in the LTI for a connection to a uniter main, make such a commution as soon as reasonably presidentia, upon payment of reasonable connection from as determined by Laguer Water;

- d. Brave at all times that the enter supplied to current and future locators in LTI complies with Philippine Rational. Standards for Brinking Water as published by the Department of Health (or successor emity responsible for such standards) and promiling at such time and shall observe my requirement regarding exampling, record keeping or reporting as may be quantified by law;
- Hale available an adequate supply of water for firelighting and other public purposes as the manisipality and/or baseaging in which LTI may reconcilely request. Legium Water shall not seems for each union med for firelighting purposes but may charge for all other easier med for public purposing and
- Leguns Water shall make a supply of seater evaluation current and fature locators in LTI, including the arms of expansion in the fature.

## Juneary Water's Dominator Agreement

The significant commitments of Borony Water under its concernion agreement with TEZA are as follows:

- Heet matain specific normalization respect of the provision of union and senerage services in the service area, unless
  deformal by the TEZA-EC due to unforcement immentances or modified as a result of rate substing moving.
- b. Pry normalism from, subject to the following provisions:
  - Assumption of all liabilities of the BWSS as of nonmoment date and service such liabilities as they full due.
     BWSS has jurisdiction, supervision and control over all sustenances and senerage systems within itemany taked prior to commencement dates. The servicing of such liabilities shall be applied to the concession imag.
  - Pegment of an amount equivalent to g% of the monthly gives revenue of Bornosy Water, include of all applicable traces. Such payments shall be subject to adjustment lessed on the gives revenue of Bornosy Water as reflected in its superate flampid statements;
  - Problem of the amount of the TEZA KEO's approved budget in 2012, psychia sensi-cancelly and not exceeding:

	Month	Phainan Anoust
Jerney		Płoycocyman
July		10,000,000

 Provision of the armual operating budget of the TEZA-RO, payable in a upual transhes in January and July and not convening;

Your	Florings Amount
<b>ग्रा</b> ग	#£000,000
arda	20,000,000
acts and boyond	Provious year, ashipart to
	ameni CPI adimetra est

- o. Establish, at Rossey bland, a TEZA-RD building with staff house, the cost of which should be researcable and practest;
- d. Pry an immative for pugged at PLCO per tourist, local and foreign, entering the service arm;
- Take the single for the improvement and expension of the IMMS rater and sectorates facilities;
- f. Operate, maintain, requir, improve, remorand, as appropriate, description facilities, as said as to operate and maintain the drainage system upon its completios, is a manuse consistent with the stational Building Standards and least industrial practions on that, at all times, the water and successor system in the service area is capable of meeting the survice obligations (as such obligations may be revised from time to time by the TEZA-ED following manufaction with itemacy Water);
- Super and correct, on a priority besis, any definit in the facilities that could adversely affect public lendth or welfare, or cause densely to pursons or third-party property; and

 Busine that at all times, Bornory Water has sufficient financial, material and personnel resources evaluable to most its obligations under the summation agreement.

In addition, the Parent Company, as the unin proponent of Boracey Water, shall post a bank accurity in the amount of US(2.30 million to account the Parent Company's and Boracey Water's performance of their respective deligitions under the agreement. The amount of the performance accurity shall be reduced by the Parent Company following the soluble indoor.

	Amount of
	Parliamenta Socurity
Bata Belmaing Period	(in USA milliona)
First	U6 <b>je</b> .go
Boomi	2.50
Third	1.10
Rourth	1.10
Rith	1.30

On or lesfore the start of each year, Borsony Water shall more the performance soundly to be reinstated in the full amount set forth as applicable for that year.

With a minimum of ten (to) days written notice period to Rorany Water, TEZA may take one or more drawings under the purformanus security relating to a lists Rebasing Period to cover amounts due to TEZA during that puriod; provided, however, that no much drawing shall be made in respect of any shain that has been submitted to the Arbitration Penal for adjullation until the Arbitration Penal has been defined on the matter.

In the event that any amount payable to TEZA by Romany Water is not pold when due, such amount shall anothe interest at a rate equal to that of a 1964-day Freezeny Bill for such sky it remains unpaid.

Failure of Borney Water to perform any of its obligations that is deemed material by TEZA-IID may assure the communical approximate to be terminated.

### Clark Water's Companion Agreement

The significant contributes of Clark Water under its communion agreement with CSC are follows:

- a. Pay franchism and local form of CDC;
- b. Finance, design, and construct our facilities defined as any improvement and automics varies to (f) all existing facilities desired as all fixed and according specifically listed in the concession agreement; (f) construction work defined as the scape of construction work act out in the concession agreement; and (iii) other our works that do not constitute refurble length or repair of existing facilities undertaken after commencement date;
- o. Hange, unduring passes, compy, operate, repair, unintain, decommission and refusion the existing facilities, compt for the private deep wells set out in the unocosion agreement, the negotiations for the sequisition and normal of which shall be the sole responsibility and for the account of the Clark Water; and savege, own, operate, repair, resistain, decommission and refurbish the near facilities;
- d. Treat new water and sentencies in GF2;
- Provide and manage all states and maximum related services like analyting booter in relocating of pipes and assess internal looks;
- All and unlimit payment from the austronom for the survives (with the conception of 8H City Clark). 8H City Clark has been surved out by virtue of RA No. 9400 effective 2007 even if it is located within the franchise array and
- Extract new varies containingly from all sources of new varies including all autoiment areas, watersheds, springs, wells and reservoirs in CFZ free of charge by CDC.

Co August 15, 2014, the Clark Water and CSC signed an anuschmet agreement to the communica agreement dated. Harch 16, 2000. The Amendment provides for the following:

- Britaniles of the original suncession period for earther lifteen (tg) years up to Ootober 1, 2040;
- b. Additional investment of 4,000 billion provided under the annualed numeration agreement to be spent for further improvement and separation and season services in the area. Investment requirement under the original CA amounted to 4,000 billion and the secondar succession agreement required as additional investment of 42,000 billion. Total investment prior to the amountement of the numeration agreement amounted to 14,000 billion;
- Introduction of rate robusing mechanism for every four (4) years starting solg;
- d. Enturior in terif rates by \$48% (from \$45.56/m² to P\$24.68/m²) effective September 1, and 4, subject to the
  Extraordinary Price Adjustment; and
- e. Increes is tariff rates by:
  - i. Poujt/m² (from Poußig/m² to Pog.ou/m²) in 2018
  - il. Fought (from Reput/of to Re-se/of) is sold
  - III. Fourth (from Regue/n) to Reguly/n/) in some
  - iv. #0.pg/m# (from #05.8y/m# to Pe8.go/m#) in soci

As a result of the extension of the concession period, service communion seeds and service exposurion obligation as of August 15, song immunood by PytigS william. Further, the recovery period of the Clark Water's investment is now extended by another filture (15) years from song to soup.

## Cobe Water's Bulk Water Supply Advocases.

On Benerator 16, 2019, Calbu Water extered into a bulk vater supply agreement with PEWE. The significant surresistments of Cabe Water under its agreement with HOWO are as follows:

- Provide putable and treated water at an aggregate volume of M<sub>2</sub>coo subfernators per sky for the first year and gapton subfernators per day for the sourceding years up to 20 years at Payage per outfernator;
- b. Beare that the source shall be sentainable and too's reliable at any say for the duration of the agreement; and
- Construct a facility capable of delivering a production capacity of gazons cubic maters per day and maintain the same on its account.

## Zambonagh Midroft NEWSA

On June 2, 2015, the Zambourge Water entered into a MRWSA with ZDWB. The MRWSA sets forth the rights and obligations of the Zambourge Water throughout the ten (to)-year period. The significant provisions under the agreement with ZDWB comint of:

- Zamkongs Water is required to implement Retwork Bustructuring and MRW Buskution Programs for Z2WO's nature distribution systems and
- b. Zaminongs Water has the right to restructure and maintain the facilities in the 2000 survive arms but legal title to these assots remains with 2000. The legal title to all fixed exects contributed to the mining 2000 system by Zaminongs Water during the project toware remains with Zaminongs Water settling expiration date (or an only termination date) at which time all rights, titles and interest in such south settle settlement in 2000.

#### Market Market All

On January to, 2018, MWPY connected a MDA with ALI and theorty-four (sp) of its subsidiaries ("ALI Broup"). Under the MDA, MWPY will provide the water and used water services and facilities to all the property development projects of the ALI Broup nationalide, with sertain comptions as provided in the MDA.

#### HWPV's PELA with the SM Group

On Becomber 6, 2016, MMTV autural into a PEIA with SM Prime Hoblings, Inc., SM Boselogment Corporation and SM Scaldmann Corporation. Pursuant to the HOA, HWFV, will provide unter and/or and unter coview and fasilities to the property development projects of the SM Group identified in mak MDA; the rights, duties and obligations of which has been transformal to Aqua Cambra.

As of December 21, 2016 and 2017, Aqua Centro has six (6) and four (4) signed MDAs with the SM Broup, respectively. MATY has one (1) signed PIDA with SM Group as of Describer at, 2018.

# Topics Mater's hell: Water Supply Agreement.

Taging Water will have the side and embasive right and responsibility during the turn of the agreement to:

- Bevelop sur surion unter sources in Hijo River;
- b. Man, develop, design, halld and text the facilities;
- o. Implement the Project;
- Heneric, me, compy, quento, repeir, resistain, upgrade and develop the facilities and
- e. Supply treated water to TWO for distribution to its network.

Facilities and any and all sensits, equipment and proporties used by Tagions Water to implement the bulk water project will be council by Tagion Water even after the expiration of the EWEPA.

## HWPV's Lunco Agreement with Philippine Formanio Zone Authority (PEZA).

On Benerator 16, 2017, MWPV entered into a Louis Agreement for the Operations and Management of the Weter and Deed Water Facilities of PEZA in Capite Economia Zone (1255), whereby HWPV agrees to large, operato, and maintain the minting vator and usual vactor facilities in the CEZ. The lease agreement has a term of teacity-five (qg) years from signing of the contract.

## Mark and with 171

On April 18, 2018, the PMMY entered into a HCA with LTI, whereby through its dishina, Estate Water, PMMY shall exclusively provide water and used water services to LIT's Cosite Trainquark to be lowled in Sarangay Subang, Rain, Cavite, and in pursuit of this objective, to countract, develop, I mann, and can the vater facilities and used water facilities under the terms and conditions est out in the MEA.

Chando Mater's Concession Agreement. The significant consciousts of Obendo Water under its concession agreement with DWO see as follows:

- a. To finance, design, engineer, and construct over facilities for union and mailtaining
- b. To upgrade existing water and soutstice facilities;
- To questio, manage, and resistate vector and excitation facilities and continue; and
- d. To bill and unless turiff for safer and smitstion services.

### Calculus Mater's Concession Agreement

The significant commitments of Calasino Water under its concession agreement with CWS are as follows:

- a. To finance, design, engineer, and combined over facilities for uniter and mailtaining
- b. To upgrade existing water and scalarion facilities;
- To operate, manage, and resistate water and socitation facilities and convince; and
- d. To bill and reflect to iff for safer and smitstion are inn.

## Operating Leasure — as a Leasure

The Group leases office space and storage and plant facilities when is it is the leases. The terms of the lease mage from one year or satilities and of the communion period. As of Boomslergs, 2018 and 2019, the Group's fature minimum lease payments are as follows:

	2412	2017
Within one year	PG14394F0X	<b>#51,548,616</b>
After one year but not more than five years	101,474,718	<b>100,000,75</b> 8
Hore than the years	*CL == 4.2*	200,046,578
	P4144En47n	Ренту,8уы,уво

Total rest separate recognised in 2015 and 2017 executed to Peppas million and Peppas million, respectively. Sometry deposits amounted to Picago million and Pitaly million as of Committee gt, 2018 and 2017, respectively.

## til. Previolence and Continguation

On Catolier 15, 2005, the Municipality of Haragaray, Bulsom excessed the Natural Company and Mayrillad Water Services, Inc. (jointly, the Concessionaires) and property term on certain common purpose facilities registered in the name of and careed by MWS purportedly the from 1558 to 2005, amounting to Page 11 million. On November 15, 2010, the local, government of Queen City demanded the payment of 850221 million for definingly real property terms from MWS on MWS properties within its territorial jurisdiction. The successor's from the manifoldity of Rozagaray and Queen City have been questioned by the Communication and MWS and are pending modeline before the Control Stand of Assessment Appende and Supreme Court, respectively. On Jamesy 86, 2011, the Supreme Court instead a Temporary Sectoriality Order enjoining the local government of Queen City from levying the real properties, machineries and equipment of MWSS. Total provision for these assessments associated to 8416.25 million as of Sectorabor 21, 2018 and 2017.

As of Committee 34, 2018 and 2017, the remaining provision for estimated probable leaves pertains to various legal, promotings and exposures what is the extinery course of incident. Management believes that any expount the Broup may have to pay in connection with any of these matters will not have a material adverse effect on the Broup's financial position or operating results. The information normally required under PAS 37, Provisions, Contingent LinkHiber and Contingent Among, is not disclosed as it may projective the extreme of the proceedings.

# ty. Breats ofter the Superting Period

# Legion Water JVA with the PAGWAD

On January 21, 2018, Laginia Water signed and executed a contraction JVA with the PASWAS.

Under the agreement, Laguna Water shall serve as the contractor or agent of PASWAS tested with the operations, remargement, and eminturement as well as the design, improvement, appeals, rehabilitation, and expension of unter supply and senitation facilities within the service area of PASWAS in Pagengira, Laguna. Upon sompletion of conditions presents in the agreement, Laguna Water and PASWAS shall except the project for a partial of sixteen (16) years with September 30, 2005.

# Nation to Repeat from the Univigality of Homosy

On Jamesry 25, 2019, 1997Y manifed a Motion to Proceed from the Husini pality of Hamony, Pengashan, greating 1997Y a fearable for the provision and improvement of the autor supply operation, maintenance, management, financing and expension, and the provision of explays management in the Participality of Manage.

The framilies granted to MMPV shall be for a term of twenty-five (up) years, contuning two (2) years of construction.

#### Record Company and MARRY AVA with the Tension Water Sisterial

On February 4, 2019, the Period Company and PMMV (collectively, the "Connection") signed and exceeded a JVA with the Tename Water District for the design, construction, rehabilitation, minturence, operation, financing, expension, and remagnessed of the Tename United Section City, Buttington (the Tename Project).

Upon completion of the conditions presentent extract in the JAVA, the Conscribura, through a SPV, and the Tenausa Water Elatrick shall execute the Tenausa Project for a period of termity-five (ug) years from the communicate date.

## Parent Company Designation of Cash Bhirlands.

On February 86, 2018, the Preset Company's ICEO approved the destantion of such dividends of Fougs; per share on cutetauring common shares and Foungs; per share on cutetauring periods in preferred shares with date of record on Herch 14, 2018 and payment date of Murch 88, 2018.