

**SOUTHERN UTILITY MANAGEMENT AND SERVICES, INC.**  
*(A wholly-owned Subsidiary of*  
**Armed Forces of the Philippines - Retirement and Separation Benefits System)**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2017 and 2016  
(Amounts in Philippine Peso)

	Note	2017	2016 (As restated)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	5,569,222	6,334,908
Held to maturity financial assets-short term	5.1	3,533,000	5,648,000
Trade and other receivables - net	6.1	4,751,253	4,071,565
Inventories	7	651,809	568,929
Prepayments	8	3,083	11,898
		<b>14,508,367</b>	<b>16,635,300</b>
<b>Non-current assets</b>			
Held to maturity financial assets-long term	5.2	14,127,000	8,212,788
Other receivable	6.2	165,647	206,444
Property and equipment - net	9	8,790,508	10,623,234
Deferred tax asset	17	976,938	869,429
Other assets	10	110,189	132,016
		<b>24,170,282</b>	<b>20,043,911</b>
<b>TOTAL ASSETS</b>		<b>38,678,649</b>	<b>36,679,211</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Current liabilities	11	8,082,605	3,949,328
Non-current liabilities	12	4,115,387	3,757,023
		<b>12,197,992</b>	<b>7,706,351</b>
<b>Equity</b>		<b>26,480,657</b>	<b>28,972,860</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>38,678,649</b>	<b>36,679,211</b>

The Notes on pages 9 to 45 form part of these financial statements.

**SOUTHERN UTILITY MANAGEMENT AND SERVICES, INC.**  
*(A wholly-owned Subsidiary of*  
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**STATEMENTS OF COMPREHENSIVE INCOME**  
For the Years Ended December 31, 2017 and 2016  
(Amounts in Philippine Peso)

	Note	2017	2016
<b>REVENUES</b>			
Water distribution system (WDS) revenue	13	28,399,943	28,177,455
Ground maintenance services (GMS)		3,889,437	3,889,437
Management services income		857,143	857,143
Rent income		89,040	152,640
		33,235,563	33,076,675
<b>COSTS OF SERVICES</b>	14	<b>(14,753,157)</b>	<b>(14,384,401)</b>
		18,482,406	18,692,274
<b>EXPENSES</b>			
Personnel services	15	5,426,409	5,628,844
Maintenance and other operating expenses:			
Representation		830,894	913,388
Marketing expense		643,068	549,774
Director's fees		375,000	396,000
Trainings and seminars		343,413	282,955
Professional fees		330,904	307,219
Communication		321,644	249,045
Taxes and licenses	25	253,705	245,336
Depreciation		239,134	251,975
Travel and transportation		237,710	238,754
Light and power		193,518	206,906
Repairs and maintenance		170,026	67,283
Gasoline, oil and lubricants		159,213	133,709
Office supplies		137,367	246,701
Insurance expense		106,345	107,520
Dues and subscription		9,570	15,304
Bad debts		-	713,581
Bank charges		-	750
Miscellaneous		138,161	128,107
		9,916,081	10,683,151
<b>INCOME FROM OPERATIONS</b>		<b>8,566,325</b>	<b>8,009,123</b>
Other income	16	542,751	301,358
<b>INCOME BEFORE TAX</b>		<b>9,109,076</b>	<b>8,310,481</b>
<b>INCOME TAX EXPENSE</b>			
Current tax expense	17	2,708,788	2,957,814
Deferred tax benefit	17	(107,509)	(517,458)
		2,601,279	2,440,356
<b>NET INCOME AFTER TAX</b>		<b>6,507,797</b>	<b>5,870,125</b>
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>6,507,797</b>	<b>5,870,125</b>

The Notes on pages 9 to 45 form part of these financial statements.

**SOUTHERN UTILITY MANAGEMENT AND SERVICES, INC.**  
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**STATEMENTS OF CHANGES IN EQUITY**  
For the Years Ended December 31, 2017 and 2016  
(Amounts in Philippine Peso)

	Share Capital	Appropriated Retained Earnings (Note 19)	Unappropriated Retained Earnings (Note 19)	Total
Balance, January 1, 2017, as restated	10,000,000	17,212,788	1,760,072	28,972,860
Authorized capital stocks, 100,000 shares @ P100 par value Subscribed and paid-up capital				-
Transfer to appropriated				-
Cash dividends		(7,109,788)	7,109,788	-
Net income			(9,000,000)	(9,000,000)
<b>Balance, December 31, 2017</b>	<b>10,000,000</b>	<b>10,103,000</b>	<b>6,507,797</b>	<b>6,507,797</b>
Balance, January 1, 2016, as restated	10,000,000	7,126,938	7,634,327	24,761,265
Authorized capital stocks, 100,000 shares @ P100 par value Subscribed and paid-up capital				-
Transfer to unappropriated				-
Cash dividends		10,085,850	(10,085,850)	-
Adjustments			(2,000,000)	(2,000,000)
Net income			341,470	341,470
<b>Balance, December 31, 2016, as restated</b>	<b>10,000,000</b>	<b>17,212,788</b>	<b>1,760,072</b>	<b>28,972,860</b>

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