

**METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM**  
**STATEMENT OF CASH FLOWS**

**For the Year Ended December 31, 2010**

(With Comparative Figures for the Year Ended December 31, 2009)

(In Thousand Pesos)

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Collection of concession fees	3,050,115	2,374,919
Collection of rentals on leased properties	80,161	80,197
Collection of water accounts	70,000	69,353
Other collections	153,778	126,196
Payment of borrowing costs	(688,217)	(737,865)
Payment of operating expenses	(487,113)	(539,426)
Other expenditures	(261,573)	(218,722)
<b>Net cash generated from operating activities</b>	<b>1,917,151</b>	<b>1,154,652</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Matured investments	-	767,313
Investments	-	(706,669)
Investments in special reserve fund	(14,396)	(14,863)
Capital expenditures	(854,152)	(2,746)
<b>Net cash provided by (used in ) investing activities</b>	<b>(868,548)</b>	<b>43,035</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan proceeds	529,899	-
Debt servicing	(1,544,606)	(1,896,739)
Payment of prior year's dividends to National Government	(368,139)	-
<b>Net cash used in financing activities</b>	<b>(1,382,846)</b>	<b>(1,896,739)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>(229,591)</b>	<b>56,090</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(563,834)</b>	<b>(642,962)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>4,948,610</b>	<b>5,591,572</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>4,384,776</b>	<b>4,948,610</b>

*See accompanying Notes to Financial Statements.*