COVER SHEET

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S.E.C. Registration Number

ABOITIZ POWER CORPORATION

(Company's Full Name)

ABOITIZ CORPORATE CENTER
GOV. MANUEL A. CUENCO AVENUE,
KASAMBAGAN, CEBU CITY

(Business Address: No. Street City / Town / Province)

ATTY. LEAH I. GERALDEZ
Contact Person

032-411-1804
Company Telephone Number

1	2		3	1

Month *Day*

Fiscal Year

1st Quarterly Report

1	7	-	Q	

FORM TYPE

3rd Monday of May

0	5		1	8

Month *Day*

Annual Meeting

Secondary License Type, if Applicable

S	E	C

Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders

x
Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2010

2. Commission identification number C199800134 3. BIR Tax Identification No. 200-652-460

4. Exact name of issuer as specified in its charter

ABOITIZ POWER CORPORATION

5. Province, country or other jurisdiction of incorporation or organization

Cebu City, Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

Gov. Manuel A. Cuenco Avenue, Kasambagan, Cebu City, Philippines 6000

8. Issuer's telephone number, including area code (032) 411-1800

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

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Stock P1 Par Value	7,358,604,307
Amount of Debt Outstanding	₱76,293,790,00

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

Yes [x] No [ ]

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

Philippine Stock Exchange Common

12. Indicate by check mark whether the registrant:

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

Yes [x] No [ ]

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

Yes [ ] No [x]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the financial statements and schedules attached herewith.

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

The following discussion and analysis of the Company's consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying schedules and disclosures set forth elsewhere in this report.

Top Five Key Performance Indicators

Management uses the following indicators to evaluate the performance of registrant Aboitiz Power Corporation ("AP" or the "Company") and its subsidiaries (the Company and its subsidiaries are hereinafter collectively referred to as the "Group"):

1. **Share in Net Earnings of Associates.** Share in net earnings (losses) of associates represents the Group's share in the undistributed earnings or losses of its investees for each reporting period subsequent to acquisition of said investment, net of goodwill impairment cost, if any. Goodwill is the difference between the purchase price of an investment and the investor's share in the value of the net identifiable assets of investee at the date of acquisition. Equity in net earnings (losses) of investees indicates profitability of the investment and investees' contribution to the group's net income.

   Manner of Computation: Investee's Net Income (Loss) x Investor's % ownership - Goodwill Impairment Cost

2. **Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA).** The Company computes EBITDA as earnings before extra-ordinary items, net finance expense, income tax provision, depreciation and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts.

3. **Cash Flow Generated.** Using the Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in

identifying the impact on cash flow when the Group's activities are in a state of growth or decline, and in evaluating management's efforts to control the impact.

4. **Current Ratio**. Current ratio is a measurement of liquidity, calculated by dividing total current assets by total current liabilities. It is an indicator of the Group's short-term debt paying ability. The higher the ratio, the more liquid the Group.

5. **Debt–to–Equity Ratio.** Debt-to-Equity ratio gives an indication of how leveraged the Group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total debt by stockholders' equity.

The table below shows the comparative figures of the top five (5) key performance indicators for the three (3) months of 2010 and 2009 and as of December 31, 2009:

Amounts in thousands except for financial ratios

	March 31, 2010	March 31, 2009	DEC. 31, 2009
SHARE IN NET EARNINGS OF ASSOCIATES	591,175	189,453	
EBITDA	9,464,915	656,374	
CASH FLOW GENERATED:			
Net cash flows from (used in) operating activities	3,764,433	(122,613)	
Net cash flows used in investing activities	(2,439,595)	(1,225,700)	
Net cash flows used in financing activities	(795,847)	(1,996,945)	
Net Increase (Decrease) in Cash & Cash Equivalents	528,991	(3,345,258)	
Cash & Cash Equivalents, Beginning	3,814,906	14,333,676	
Cash & Cash Equivalents, End	4,552,434	10,914,005	
CURRENT RATIO	1.04		0.68
DEBT-TO-EQUITY RATIO	1.85		2.18

Share in Net Earnings in Associates improved in the first quarter of 2010 versus the first quarter of 2009. Several factors have contributed to the increase.

First is the income from ancillary services contracts that SN Aboitiz Power-Magat, Inc. (SNAP-Magat) earned in the first quarter which was not yet in place in the prior year. This allowed SNAP-Magat to recognize income contributions in this quarter despite the lack of generation due to the significantly less rainfall because of the El Nino phenomenon.

Due to higher demand, large plant capacities on outage and the reduced generating capacities of the hydro plants brought about by the El Nino, Wholesale Electricity Spot Market (WESM) prices improved allowing SN Aboitiz Power-Benguet, Inc. (SNAP-Benguet) to come in with better income contributions this quarter than the same period last year. Both SNAP companies benefitted from the recent strengthening of the Peso. The SNAP companies' forex losses in the first quarter of 2009 swung to forex gains in the first quarter of 2010.

Lastly, the Company saw improved contributions this year versus last year from Visayan Electric Company, Inc. (VECO), one of AP's distribution companies. VECO experienced a drag on its bottom line last year due to the effect of higher purchased power costs which led to lower margins on energy sold then.

The Company's Current Assets have increased due to higher Trade and Other Accounts receivable as it managed to sell higher volumes of energy during the first quarter as demand increased and at higher selling prices. This resulted to the increase in the Current Ratio versus ending 2009.

The Company's Debt to Equity ratio improved due to the increase in Equity as the Company takes up its income for the quarter.

Financial Results of Operations

The Company's net income for the three months of 2010 was ₱7.43 billion. This is a significant increase over last year's three-month net income of ₱395.62 million. Earnings per share is ₱1.01 versus earnings per share of ₱0.52 for the same period last year.

For the three-month period of 2010, the power generation business recorded an income contribution of ₱7.5 billion, posting a significant improvement of 6746% over the same period last year. Fresh earnings contribution of generation assets acquired in 2009 resulted to the strong showing of the power generation business. These are the Tiwi-Makban geothermal power plants, which managed to hit a peak capacity of 467 MW in 2009, the two 100 MW bunker-fired power barges in Mindanao and the 700 MW Pagbilao coal-fired power plant via an IPP Administrator (IPPA) contract.

These assets shored in 93% of the generation group's income contribution to AP in the first quarter of 2010.

Despite the strong growth in electricity sales which grew by 9% year on year, the power distribution business recorded a 13% drop in its earnings contribution to the Company, from ₱252 million to ₱219 million. Cotabato Light & Power ("CLP") and Davao Light & Power booked higher operating expenses during the period, as their respective back-up power plants were forced to run to provide much-needed power to the Mindanao grid. Moreover, the reduction in systems loss allowance in January 1, 2010 - from 9.5% to 8.5% - resulted to higher costs absorbed by VECO, which dampened the improved contributions of VECO, and pulled down further the contributions from CLP.

1. INCOME STATEMENTS (January – March 2010 vs. January –March 2009)

Consolidated Net Income Attributable to Equity Holders of the Parent increased by 1,851% from ₱380.83 million in the first three months of 2009 to ₱7.43 billion for the same period in 2010 Below is a reconciliation of the increase in the Consolidated Net income Attributable to Equity Holders of the Parent:

Consolidated Net Income Attributable to Equity Holders of the Parent for the three months of 2009	380,833
Increase in Operating Revenues	13,705,600
Increase in Operating Expenses	(5,830,190)
Increase in Share in Net Earnings of Associates	401,722
Decrease in Interest Income	(189,560)
Increase in Interest Expenses	(1,409,681)
Increase in Other Income	571,872
Higher Provision for Taxes	(214,094)
Decrease in Minority Interests	12,610
Total	7,048,279
Consolidated Net Income Attributable to Equity Holders of the Parent for the three months of 2010	7,429,112

Consolidated revenues increased by 473.43% owing to the new revenue contributions from AP Renewables, Inc. (APRI) and Therma Luzon Inc.'s IPPA operations. The consolidated revenues of both companies account for ₱ 13.1 Billion of the total increase.

The 219.71% increase in operating expenses are likewise attributable to the newly consolidated operating expenses incurred by APRI and Therma Luzon which made up 87% of the total increase.

Interest Income decreased by 94.12% from ₱201.40 million last year to ₱11.84 million this year due to lower cash available for placements this year versus last year's first quarter as capital got deployed to the various investments of AP Parent and as short-term bank loans were paid.

Interest expense for the first quarter of 2010 increased by ₱1.41 billion or 787.95% versus first quarter 2009 primarily due to the interest expense recognized by Therma Luzon's for its Pagbilao IPPA, which was accounted for as a finance lease. As a finance lease, incremental borrowing rates were used in order to recognize the asset and liability relating to the long-term obligation. Correspondingly, the discount determined at the inception of the IPP agreement is amortized and recognized as interest expense. Accrete interest recognized by Therma Luzon for the first quarter of 2010 was ₱1.25 billion. The increase in the interest expense is also due to higher levels of debt this quarter compared to the first quarter of 2009. Between the two reporting periods, there was a ₱3.0 billion in corporate bonds issued in April 2009 as well as an issuance of fixed rate notes of ₱5.0 billion in September 2009. These debt raising activities also contributed to the increase in interest expense.

Share in Net Earnings of Associates contributed ₱591.18 million this quarter versus ₱189.45 million in the first quarter of 2009 for an increase of 212.04% or ₱401.72 million. The healthy contributions of the Company's associates are due to the following: (1) forex gains for both SNAP-Magat and SNAP-Benguet which were coming from a forex loss in the first quarter of 2009; (2) newly contracted ancillary services for SNAP-Magat which allowed it to realize new streams of revenue and alleviated the decreased generating revenues brought about by decreased rainfall; (3) SNAP-Benguet managed to realize better than expected selling prices due to the higher WESM clearing prices brought about by high demand, plant outages and the unavailability of the cheaper hydro plants due to the El Nino phenomenon; (4) VECO improved its contributions this quarter due to the non-recurrence of the higher power purchased costs which dragged its margins in the first quarter of 2009.

Other Income (expenses) increased by ₱571.87 million or 989.14% due to unrealized forex gains at Therma Luzon arising from the dollar portion of its finance lease obligation to the Power Sector Assets and Liabilities Management Corporation (PSALM).

For the reporting period, the provision for income taxes increased by 185.43% due to deferred tax provisions recognized by Therma Luzon as it relates to the unrealized forex gains on its finance lease obligation.

All of the above changes fueled the robust net income for the first quarter which came in at ₱7.43 billion versus the net income for the same period in 2009 of ₱395.62 million or a ₱7.036 billion increase.

2. BALANCE SHEETS (September 2009 vs. December 2008)

Assets

Compared to year-end 2009 levels, consolidated assets increased by 8.46%, from ₱111.34 billion in December 2009 to ₱120.76 billion as of March 2010. Below are the explanations on the changes to the Company's balance sheet accounts:

a. As of March 31, 2010, Cash & Cash Equivalents went up by 19.33% from ₱3.815 billion ending 2009 to ₱4.552 billion, an increase of ₱737.53 million ending first quarter of 2010. The higher cash position is due to higher cash held at Therma Luzon due to healthier cash flow contributions from its operations.

b. Trade & Other Receivables increased by 116.93%, from ₱4.476 billion to ₱9.709 billion. Out of the total increase of ₱5.234 billion, 96% is due primarily to the higher trade receivables of Therma Luzon and, to a lesser extent, APRI, versus year end levels due to higher volume of sales made to their customers as well as higher prices from sales to WESM.

c. Derivative assets are no longer booked as of March 31, 2010 as the forward contracts entered into which was the basis for the take up wound down in the first quarter of 2010.

d. Inventories increased by 64.47% due to the steady increase in coal inventories held at Therma Luzon.

e. Other Current assets increased due to the buildup of input VAT at Therma Luzon, APRI and Hedcor, Inc

f. There was a minor increase in Property, Plant and Equipment of ₱1.29 billion or a 1.77% increase that is primarily due to the turnover of two bunker-fired power barges in Mindanao to a Company subsidiary, Therma Marine Inc. The total purchase price for both facilities is USD 30 million or close to ₱1.4 billion.

Liabilities

Consolidated liabilities increased by ₱2.03 billion compared to year-end 2009 levels, from ₱76.29 billion to ₱78.32 billion. The Company's 2.66% increase in liabilities are due to the following movements in the various liability accounts:

a. Bank loans decreased by 14.42% or ₱840.49 million, from ₱5.83 billion to ₱4.99 billion, as AP Parent started to pay down a short term loan it took out in 2009 to augment funds needed to fully pay for APRI's loan to PSALM.

b. Trade and Other Payables increased by 26.9%, from ₱6.022 billion to ₱7.642 billion, due to higher trade payables at Therma Luzon due to higher costs as well as the new take up of Trade and Other Payables relating to the operations of newly turned over power barges under Therma Marine, Inc.

c. Derivative Liabilities decreased by 77.39% or ₱12.75 million as a significant portion of the foreign currency forwards entered into by Therma Marine Inc. have already unwound within the first quarter.

d. Income Tax Payable decreased by 37.62% or ₱137.40 million, from ₱365.21 million to ₱227.81 million, due to the granting of a non-pioneer enterprise status by the Board of Investments to Therma Luzon effective Jan. 1, 2009 which allows Therma Luzon to enjoy a tax holiday for four years.

e. Long-term debt increased by ₱793.230 million mainly due to a long term loan entered into by a subsidiary, Cebu Private Power Corporation (CPPC), totaling ₱800 million.

f. Total Payable to Preferred Shareholders of a subsidiary, CPPC, decreased by a total of 30% or ₱26.118 million, from ₱88.030 million to ₱61.912 million, due to timely payments made during the year.

g. Pension provisions at AP Parent and ARI subsidiaries, Hedcor, Inc. and APRI, brought the balances for pension liability up by 27.83% or ₱7.84 million.

h. Deferred tax liability was recognized by Therma Luzon as it relates to the foreign denominated portion of its finance lease obligation which increased the deferred tax liability account to ₱266.41 million from just ₱38.00 million at the end of 2009.

Equity

Equity attributable to equity holders of AP Parent increased by 21.42% from ₱34.476 billion as of December 2009 to ₱41.861 billion as of March 2010.

The Company declared dividends of ₱0.30 per share to all shareholders of record as of March 24, 2010, which was paid last April 16, 2010.

Financial Ratios

Current ratio increased from 0.68x as of December 2009 to 1.04x in March 2010, a 0.36 increase. The increase in this quarter's current ratio is largely due to a 71.19% increase in current assets versus an 11.74% increase in current liabilities. The increase in current assets is accounted for by higher trade and other receivables which increased by 117% over year end levels as well as an increase in Inventories and Other Current assets.

Debt-to-equity ratio decreased from 2.18 as of December 2009 to 1.85 as of March 31, 2010. The decrease is due to higher equity balances at the end of the quarter resulting from the robust income recognized during the period.

Material Changes in Liquidity and Cash Reserves of Registrant

AP ended the first quarter of 2010 with ₱4.552 billion in Cash and Cash Equivalents. Following are various cash flows during the period.

Net cash flows from operating activities contributed ₱3.764 billion in the first three months of 2010. The cash inflow came from cash generated by income from operations generated during the period. This is in contrast with cash flows used in operating activities for the first quarter of 2009 totaling ₱122.613 million.

Net cash used in investing activities for the first quarter was ₱2.439 billion. More than half of this amount or ₱1.4 billion went to the acquisition of two power barges in Mindanao under Therma Marine. Both plants were turned over during the first quarter of 2010. Over ₱663 million in cash was also deployed to continue the rehabilitation of the Ambuklao hydro plant of SNAP-Benguet. Cash used in investing activities was 99% more than the cash used for the same period in 2009 which was ₱1.226 billion.

Net cash flows used in financing activities was ₱795.847 million versus cash used in financing activities for the first quarter 2009 of ₱1.997 billion. This is after payments were made on short-term bank loans in the amount of ₱840.49 million, interest payments of ₱435. 61 million, and after proceeds of long-term debt of close to ₱800 million.

Total cash and cash equivalents stood at ₱4.552 billion as of March 31, 2010 versus cash and cash equivalents of ₱3.815 billion at the beginning of the year or a 19.33% increase.

Known Trends, Events, Uncertainties, which may have Material Impact on Registrant

Except for the developments disclosed in this report and the attached financial statements, there are, as of the date of this report, no known events or uncertainties that have had or are reasonably expected to have a material impact on the financial condition and operations of the Company.

Outlook for the Upcoming Year/Known Trends, Events, Uncertainties, which may have Material Impact on Registrant

Notwithstanding external and uncontrollable economic and business factors that affect its businesses, the Company believes that it is in a good position to benefit from the foreseen opportunities that will arise in the year 2010. Its sound financial condition, coupled with a number of industry and company specific developments, should bode well for AP and its investee companies. These developments are as follows:

Generation Business

1. Continued Growth in the Company's attributable capacity

AP ended the year 2009 with a total attributable generating capacity of 1,745 MW, recording a 202% YOY expansion from end-2008 level of 578 MW. The capacity growth was mainly due to the following:

- In May 2009, the Tiwi-MakBan geothermal plants were turned over to APRI. The facilities are the Company's first geothermal assets. Based on 2009 operations, the Tiwi-MakBan geothermal plants' peak generation was recorded at 467 MW.

- On August 28, 2009, Therma Luzon, a wholly owned subsidiary of AP, submitted the highest offer in the competitive bid for the appointment as the IPPA of the 700-MW Contracted Capacity of the Pagbilao Coal- Fired Thermal Power Plant located in Pagbilao, Quezon (the "Pagbilao IPPA") conducted by PSALM. The bid price amounted to U.S.$691 million as calculated in accordance with PSALM bid rules. This value represents the present value of a series of monthly payments to PSALM from October 2009 to August 2025 using PSALM discount rates. On October 1, 2009, Therma Luzon assumed dispatch control of the 700-MW Contracted Capacity of the Pagbilao Plant following the successful completion by Therma Luzon of the conditions precedent required in the IPP Administration Agreement with PSALM. As IPPA, Therma Luzon is responsible for procuring the coal requirements of the Pagbilao Plant and for selling the electricity generated by the plant.

In 2010 and moving forward, AP's attributable capacity is seen to further increase as the following events take place:

- Takeover of the two barge-mounted diesel powered generation plants, each with a generating capacity of 100 MW.

AP, through wholly owned subsidiary Therma Marine assumed ownership of PB 118 and PB 117 on February 6, 2010 and March 1, 2010, respectively. PB 118 is a power barge with a 100-MW bunker-fired generating facility moored in Bgy. San Roque, Maco, in Compostella Valley, Mindanao, while PB 117 is a power barge with a 100-MW bunker-fired generating facility moored in Bgy. Sta. Ana, Nasipit, Agusan del Norte, Mindanao.

AP acquired both power barges on July 31, 2009 via a successfully concluded negotiated bid with PSALM. The total purchase price for both barges is U.S.$30 million. Therma Marine has ASPAs with the NGCP involving 100 MW (out of the total 200 MW) of generating capacity.

- Completion of Greenfield and Brownfield projects

Construction work on the 42.5-MW run-of-river hydropower plant in Bgy. Sibulan, Sta. Cruz, Davao del Sur by AP's 100%-owned subsidiary Hedcor Sibulan is expected to be completed in 2010. The facilities, which comprise two cascading hydropower generating facilities tapping the Sibulan and Baroring rivers, are expected to generate an estimated 212 million kWh of clean and emissions-free energy annually. The commercial operation of the first plant, which has a capacity of 26 MW, started in March 2010, while the second plant, with a capacity of 16.5 MW, is expected to commence in May 2010.

The 3x82-MW coal-fired power plant in Toledo City, Cebu, which is a joint venture with Metrobank Group's Global Business Power Corporation and Cebu-based Vivant Energy Corporation of the Garcia Group, is scheduled for completion in 2010. The first 82-MW unit started to generate and deliver power to the Visayas grid in March 2010. The second and third 82-MW units are expected to commence commercial operations by second and fourth quarters of 2010, respectively. AP has an effective participation of 26% in the project.

The Company, together with its partner SN Power Invest AS (SN Power), is pursuing the programmed rehabilitation of both the 75-MW Ambuklao and 100-MW Binga hydro facilities. Rehabilitation of the former is expected to be completed by 2010, with the first unit coming on stream by third quarter of 2010, while the second and third units by the last quarter of 2010. Total capacity is expected to increase to 105 MW. Rehabilitation works on Binga will commence after, performing works on one unit per year. Completion of rehabilitation of all four units is expected by 2014, which should enhance generating capacity by 20% to 120 MW.

2. Greenfield Projects

Wholly owned subsidiary Hedcor Tamugan is planning to build a 10 to 15 MW hydro plant along the Tamugan River following the compromise between Hedcor and DCWD on the Tamugan water rights dispute. Further discussion with the DCWD led to the revision of the project's design and plant size. Hedcor Tamugan has submitted a proposal for a 15-MW hydropower plant, in lieu of the contested proposal for a 27.5-MW hydropower plant. Given the new project scheme, Hedcor Tamugan will have to conduct studies for engineering design (one year). Once approved and permits are secured, the two-year construction period will commence. Despite the lower generating capacity, the required amount of energy under a power supply agreement between the Hedcor consortium (of which Hedcor Tamugan is a part of) and DLP will be met.

On February 17, 2007, AP entered into a memorandum of agreement with Taiwan Cogeneration International Corporation (Taiwan Cogen), a Taipei-based generation company, to collaborate in the building and operation of a 300-MW coal-fired power plant in the SBFZ. On May 30, 2007, RP Energy was incorporated as the 50:50 joint venture company for this project. The project is estimated to cost U.S.$500 million. AP, together with its partner Taiwan Cogen, has put the Subic coal project on hold for further review as the Company continues to assess the changes to the demand in the Luzon Grid following the global financial crisis.

100%-owned subsidiary Hedcor, Inc. is conducting feasibility studies for potential hydropower projects located in both Luzon and Mindanao. Based on current findings, Hedcor sees the potential of building 5-50 MW plants in the identified areas. The feasibility studies are expected to be completed in two years. Once permits are secured, another two years will be needed for the actual construction of the hydro facilities.

3. Participation in the Government's Privatization Program for its Power Assets

With more than 70% of NPC's assets bidded out and awarded, the Company continues to closely evaluate the investment viability of the remaining power generation assets that PSALM intends to auction off.

AP is also keen on participating in PSALM's public auction for the IPP Administrator contracts, which involves the transfer of the management and control of total energy output of power plants under contract with NPC to the IPPA.

Distribution Business

As the impact of the global financial crisis to the local economy unfolds, the Company remains optimistic it will realize modest growth on its existing distribution utilities. It continually seeks efficiency improvements in its operations to maintain healthy margins.

The implementation of the rate adjustment formula for the distribution companies under the PBR is on a staggered basis. In addition to annual adjustments, PBR allows for rate adjustments in between the reset periods to address extraordinary circumstances. There is also a mandatory rate-setting every four years where possible adjustments to the rate take into account current situations.

On May 1, 2009, CLP implemented its final approved rate structure, which was released by the ERC on April 15, 2009. This rate structure was based on the approved annual revenue requirement and performance incentive scheme under the PBR. CLP is the first distribution utility in the AP group to implement this incentive-based scheme.

VECO and DLP are part of the third group (Group C) of private distribution utilities expected to enter PBR. Both VECO and DLP entered their respective reset periods in end 2008 and are expected to enter the four-year regulatory period by July 1, 2010.

SFELAPCO and SEZ are part of the fourth batch (Group D) of private distribution utilities to enter PBR. They are expected to enter their respective four-year regulatory period by October 1, 2011.

In April 2009, VECO also applied for a petition with the ERC under the RORB ratemaking regime for the adjustment and realignment of its current distribution charge. After the conclusion of the application process, which included a series of public consultations, the ERC granted VECO's petition last August 7, 2009 with modifications on the sound value of assets and the revenue requirement. After taking the adjustments into consideration, the average rate adjustment was ₱0.2267 per kWh. The rate adjustment was implemented starting September 10, 2009.

In September 2009, SFELAPCO filed a rate increase application with the ERC under the RORB rate-making methodology, which is still pending at present. The average rate adjustment applied for is ₱0.3980/kilowatt-hour.

The Company's strategy in running its utilities is one of providing world-class service at the least possible cost. Providing value to its customers allows the Company credibility and the ability to successfully implement justified rate increases. This, along with a transparent and open relationship of over 70 years with the regulators, ensures the Company's continued ability to successfully apply and implement rate increases.

AP will participate in the bid to privatize the Olongapo Public Utilities Department (Olongapo PUD), which is tasked with the operation and maintenance of the electric, light and power systems of Olongapo City, Zambales. The bidding is scheduled to take place in May 2010. In 2008, the Olongapo PUD sold 139 GWh of electricity to approximately 41,000 customers. Average peak demand in 2008 was at 28.6 MW.

Market and Industry Developments

1. Power Supply Option Program and the Open Access and Retail Competition

On March 1, 2010, the Power Supply Option Program (PSOP) for the Luzon grid was implemented, particularly in the franchise areas of distribution utilities that have volunteered participation in the said program. Under the PSOP, an eligible contestable customer, which is defined as an end-user with a monthly average peak demand of at least 1 MW for the preceding 12 months, will have the option to source their electricity from eligible suppliers that have secured a Retail Electricity Supplier (RES) license from the ERC. Eligible suppliers shall include the following:

- Generation companies that own, operate or control 30% or less of the installed generating capacity in a grid and/ or 25% or less of the national installed capacity
- NPC-IPPs with respect to capacity which is not covered by contracts
- IPP Administrators with respect to the uncontracted energy which is subject to their administration and management

- RES duly licensed by the ERC

The PSOP will end upon the implementation of the Open Access and Retail Competition (Open Access), which will take effect once NPC is able to privatize 70% of its IPP contracts. All contracts entered into by entities participating in the PSOP shall be terminated. The industry participants, in accordance with the rules and policies of the Open Access scheme, shall enter into new contracts.

This development presents a big opportunity for AP, as it has two wholly owned subsidiaries, AESI and Adventenergy, Inc., that are licensed retail suppliers, which can enter into contracts with the eligible contestable customers, both under the PSOP and the Open Access regime. Moreover, AP's generation assets that have uncontracted capacity will be able to have direct access to eligible contestable customers through AP's licensed RES. These assets are the Magat, Ambuklao and Binga hydropower plants, Tiwi-MakBan geothermal facilities and the Pagbilao coal plant, via its IPPA contract. However, some of these plants have Transition Supply Contracts with Meralco, a participating entity under the PSOP. Any capacity that will be contracted through the PSOP with existing Meralco customers could result to volume reductions in these generation assets' Transition Supply Contracts.

Capital Raising and Refinancing Activities

On April 30, 2009, AP issued a total of ₱3 billion worth of peso-denominated fixed rate retail bonds under the following terms:

MATURITY	INTEREST RATE	AMOUNT
5-year bonds to mature on May 1, 2014	8.7% p.a.	₱2,294,420,000
3-year bonds to mature on April 30, 2012	8.0% p.a.	₱ 705,580,000

The issue was 2.5 times oversubscribed and had to be upsized from ₱ 1.5 billion to ₱ 3 billion. The Philippine Rating Services Corporation (PhilRatings) issued a "PRS Aaa" rating for this bond issue in February 2009. Obligations rated "PRS Aaa," the highest possible rating by PhilRatings, are of the highest quality with minimal credit risk - an indication of the extremely strong capacity of the obligor to meet its financial commitment on the obligation.

On September 18, 2009, AP signed a Notes Facility Agreement with First Metro Investment Corporation as Issue Manager, MBTC – Trust Banking Group as Notes Facility Agent and a consortium of primary institutional lenders for the issuance of five-year peso-denominated corporate fixed rate notes ("Notes") in the aggregate amount of ₱5 billion. The Notes were issued in September 2009 in a private placement to not more than 19 primary institutional investors pursuant to Section 9.2 of the Securities Regulation Code (SRC) and Rule 9.2(2)(B) of the SRC Rules.

SIGNATURES

Pursuant to the requirement of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	**ABOITIZ POWER CORPORATION**
Principal Accounting Officer	**Cristina B. Beloria**
Signature and Title	**Assistant Vice President - Controller**
Date	MAY 14 2010
Corporate Secretary	**M. Jasmine S. Oporto**
Signature and Title	**Corporate Secretary**
Date	MAY 14 2010

ABOITIZ POWER CORPORATION
AND SUBSIDIARIES

Unaudited Consolidated Financial Statements
As of March 31, 2009 (with Comparative Audited Consolidated
Figures as of December 31, 2009) and for the Three Months Ended
March 31, 2010 and 2009

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	March 31 2010	December 31 2009
ASSETS		
Current Assets		
Cash and cash equivalents	**₱4,552,434**	₱3,814,906
Trade and other receivables	**9,709,872**	4,476,028
Derivative asset	**–**	846
Inventories	**1,826,651**	1,110,639
Other current assets	**884,464**	512,684
Total Current Assets	**16,973,421**	9,915,103
Noncurrent Assets		
Property, plant and equipment	**74,189,735**	72,901,029
Intangible asset - service concession rights	**892,944**	882,308
Investment property	**10,000**	10,000
Investments in and advances to associates	**25,829,821**	24,800,301
Available-for-sale (AFS) investments	**3,744**	3,744
Goodwill	**996,005**	996,005
Pension assets	**37,186**	37,186
Deferred income tax assets	**242,148**	250,009
Other noncurrent assets	**1,581,034**	1,545,032
Total Noncurrent Assets	**103,782,617**	101,425,614
TOTAL ASSETS	**₱120,756,038**	₱111,340,717
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	**₱4,987,610**	₱5,828,100
Trade and other payables	**7,642,583**	6,022,537
Derivative liabilities	**3,726**	16,476
Income tax payable	**227,808**	365,209
Current portion of:		
Long-term debts	**101,200**	101,200
Finance lease obligation	**3,369,991**	2,270,994
Payable to preferred shareholder of a subsidiary	**3,449**	11,263
Long-term obligation on power distribution system	**40,000**	40,000
Total Current Liabilities	**16,376,367**	14,655,779
Noncurrent Liabilities		
Long-term debts - net of current portion	**16,944,565**	16,151,335
Finance lease obligation - net of current portion	**42,546,316**	43,315,170
Long-term obligation on power distribution system - net of current portion	**256,235**	247,460
Customers' deposits	**1,837,377**	1,781,116
Payable to preferred shareholder of a subsidiary - net of current portion	**58,463**	76,767
Pension liabilities	**35,994**	28,158
Deferred income tax liabilities	**266,409**	38,005
Total Noncurrent Liabilities	**61,945,359**	61,638,011
Total Liabilities	**78,321,726**	76,293,790
Equity Attributable to Equity Holders of the Parent		
Capital stock	**7,358,604**	7,358,604
Additional paid-in capital	**12,588,894**	12,588,894
Share in cumulative translation adjustments of associates	**71,549**	115,246
Acquisition of minority interests	**(259,147)**	(259,147)
Retained earnings	**22,101,374**	14,672,262
	41,861,274	34,475,859
Minority Interests	**573,038**	571,068
Total Equity	**42,434,312**	35,046,927
TOTAL LIABILITIES AND EQUITY	**₱120,756,038**	₱111,340,717

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ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share Amounts)

	JAN-MAR/10	JAN-MAR/09
OPERATING REVENUES	**₱16,600,552**	₱2,894,952
OPERATING EXPENSES	**8,483,827**	2,653,637
	8,116,725	241,315
FINANCIAL INCOME (EXPENSES)		
Interest income	**11,838**	201,398
Interest expense and other financing costs	**(1,588,586)**	(178,905)
	(1,576,748)	22,493
OTHER INCOME (EXPENSES)		
Share in net earnings of associates	**591,175**	189,453
Others - net	**629,687**	57,815
	1,220,862	247,268
INCOME BEFORE INCOME TAX	**7,760,839**	511,076
PROVISION FOR INCOME TAX	**329,550**	115,456
NET INCOME	**₱7,431,289**	₱395,620
Attributable to:		
Equity holders of the parent	**₱7,429,112**	₱380,833
Minority interests	**2,177**	14,787
	₱7,431,289	₱395,620
EARNINGS PER COMMON SHARE		
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	**₱1.01**	₱.05

See Disclosure H for the computation of Earnings per Common Share

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

	JAN-MAR/10	JAN-MAR/09
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	**₱7,429,112**	₱380,833
Minority interests	**2,177**	14,787
	7,431,289	395,620
OTHER COMPREHENSIVE INCOME (LOSS)		
Share in movement in cumulative translation adjustments of associates	**(43,697)**	35,146
Income tax effect on other comprehensive income	**–**	–
Total other comprehensive income, net of tax	**(43,697)**	35,146
TOTAL COMPREHENSIVE INCOME	**₱7,387,592**	₱430,766
Attributable to:		
Equity holders of the parent	**7,385,415**	415,979
Minority interests	**2,177**	14,787
	₱7,387,592	₱430,766

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2010 AND DECEMBER 31, 2009, AND MARCH 31, 2009
(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to Equity Holders of the Parent							
	Capital Stock	Subscriptions Receivable	Additional Paid-in-Capital	Share in Cumulative Translation Adjustments of Associates	Acquisition of Minority Interests	Retained Earnings	Minority Interests	Total
Balances at January 1, 2010	₱7,358,604	₱–	₱12,588,894	₱115,246	(₱259,147)	₱14,672,262	₱571,068	₱35,046,927
Total comprehensive income for the year	–	–	–	(43,697)	–	7,429,112	2,177	7,387,592
Change in minority interests	–	–	–	–	–	–	(207)	(207)
Balances at March 31, 2010	**₱7,358,604**	**₱–**	**₱12,588,894**	**₱71,549**	**(₱259,147)**	**₱22,101,374**	**₱573,038**	**₱42,434,312**
Balances at January 1, 2009	₱7,358,604	₱–	₱12,588,894	(₱18,422)	(₱259,147)	₱10,485,401	₱536,333	₱30,691,663
Total comprehensive income for the year	–	–	–	133,668	–	5,658,581	111,187	5,903,436
Cash dividends - ₱0.20 a share	–	–	–	–	–	(1,471,720)	–	(1,471,720)
Change in minority interests	–	–	–	–	–	–	(76,452)	(76,452)
Balances at December 31, 2009	₱7,358,604	₱–	₱12,588,894	₱115,246	(₱259,147)	₱14,672,262	₱571,068	₱35,046,927
Balances at January 1, 2009	₱7,358,604	₱–	₱12,588,894	(₱18,422)	(₱259,147)	₱10,485,401	₱536,333	₱30,691,663
Total comprehensive income (loss) for the year	–	–	–	35,146	–	380,833	14,787	430,766
Cash dividends - ₱0.20 a share	–	–	–	–	–	(1,471,720)	–	(1,471,720)
Change in minority interests	–	–	–	–	–	–	(382)	(382)
Balances at March 31, 2009	₱7,358,604	₱–	₱12,588,894	₱16,724	(₱259,147)	₱9,394,514	₱550,738	₱29,650,327

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	JAN-MAR/10	JAN-MAR/09
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱7,760,839**	₱511,076
Adjustments for:		
Depreciation and amortization	**686,131**	135,943
Interest expense	**1,588,586**	178,905
Net unrealized foreign exchange losses (gains)	**(752,274)**	74,413
Unrealized fair valuation loss on derivatives	**(11,904)**	–
Gain on sale of property, plant and equipment	–	(133)
Interest income	**(11,838)**	(201,398)
Share in net earnings of associates	**(591,175)**	(189,453)
Operating income before working capital changes	**8,668,365**	509,353
Decrease (increase) in operating assets	**(6,324,950)**	(1,176,534)
Increase (decrease) in operating liabilities	**1,692,638**	697,303
Net cash generated from operations	**4,036,053**	30,122
Income and final taxes paid	**(271,620)**	(152,735)
Net cash flows from (used in) operating activities	**3,764,433**	(122,613)
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	**180,037**	4,698
Interest received	**15,152**	180,770
Additions to property, plant and equipment	**(1,963,081)**	(420,215)
Additional investments in associates	**(663,524)**	(6)
Net collection of (additional) advances to associates	**1,445**	(954,818)
Additions to intangible assets - service concession rights	**(22,392)**	(18,143)
Decrease (increase) in other assets	**12,768**	(17,986)
Net cash flows used in investing activities	**(2,439,595)**	(1,225,700)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long-term debt	**793,230**	393,002
Net payment of bank loans	**(840,490)**	(663,390)
Changes in minority interests	**(207)**	(384)
Payments to preferred shareholders of a subsidiary	**(31,070)**	(25,600)
Payments for finance lease obligation	**(281,700)**	–
Interest paid	**(435,610)**	(228,853)
Cash dividends paid		(1,471,720)
Net cash flows used in financing activities	**(795,847)**	(1,996,945)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**528,991**	(3,345,258)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**208,537**	(74,413)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**3,814,906**	14,333,676
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**₱4,552,434**	₱10,914,005

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

FINANCIAL STATEMENTS SCHEDULES AND DISCLOSURES

(Amounts in Thousands, Except Share and Exchange Rate Data and When Otherwise Indicated)

A Components of Other Comprehensive Income

	JAN-MAR/10	JAN-MAR/09
Share of other comprehensive income of associates	**(₱43,697)**	₱35,146
Income tax relating to components of other comprehensive income	**-**	-
Other comprehensive income for the period	**(₱43,697)**	₱35,146

B Tax Effects Relating to Each Component of Other Comprehensive Income

	JAN-MAR/10		
	Before-Tax Amount	**Tax (Expense) Benefit**	**Net-of-Tax Amount**
Share of other comprehensive income of associates	(₱43,697)		(₱43,697)
Other comprehensive income for the period	**(₱43,697)**	-	**(₱43,697)**

	JAN-MAR/09		
	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Share of other comprehensive income of associates	₱35,146		₱35,146
Other comprehensive income for the period	₱35,146	-	₱35,146

C Investments in and Advances to Associates

	% Ownership	March 31, 2010	December 31, 2009
Acquisition cost:			
Manila Oslo Renewable Enterprise, Inc.	**83.33**	**₱8,322,226**	₱7,658,087
STEAG State Power, Inc.	**34.00**	**4,400,611**	4,400,611
Cebu Energy Development Corp.	**44.00**	**2,438,621**	2,438,621
Luzon Hydro Corporation	**50.00**	**1,048,251**	1,048,251
East Asia Utilities Corporation	**50.00**	**1,009,143**	1,009,143
Hijos de F. Escano, Inc.	**46.73**	**858,070**	858,070
Visayan Electric Co., Inc.	**55.18**	**657,123**	657,113
Western Mindanao Power Corporation	**20.00**	**263,665**	263,665
Pampanga Energy Ventures, Inc.	**42.84**	**209,465**	209,465
San Fernando Electric Light & Power Co., Inc.	**43.78**	**180,864**	180,864
Southern Philippine Power Corporation	**20.00**	**152,587**	152,587
Redondo Peninsula Energy, Inc.	**50.00**	**5,000**	5,000
SN Aboitiz Power – Pangasinan, Inc.	**50.00**	**4,732**	4,732
Others		**27,837**	28,462
Forward			

	March 31, 2010	December 31, 2009
Balance at end of period	**₱19,578,193**	₱18,914,669
Accumulated equity in net earnings:		
Balance at beginning of the year	**4,966,140**	3,263,941
Share in net earnings	**591,175**	2,535,386
Cash dividends	**(180,037)**	(833,187)
Balance at end of period	**5,377,278**	4,966,140
	24,955,471	23,880,809
Share in cumulative translation adjustments of associates	**71,549**	115,246
Investments in associates at equity	**25,027,020**	23,996,055
Advances to associates - net	**802,801**	804,246
	₱25,829,821	₱24,800,301

D **Trade and Other Payables**

	March 31, 2010
Trade	**₱3,432,543**
DOSRI	–
Others	**4,210,040**
	₱7,642,583

E **Bank Loans**

	Interest Rate	Mar 31/10	Dec 31/09
Peso loans - financial institutions - unsecured	4.88% to 5.10% in 2010; 5.10% to 8.75% in 2009	**₱4,232,300**	₱2,085,900
Dollar loans - financial institutions - unsecured	1.75% to 2.63% in 2010; 5.10% to 5.75% in 2009	**755,310**	3,742,200
		₱4,987,610	₱5,828,100

F Long-term Debts

	Interest Rate	**Mar 31/10**	Dec 31/09
Company			
Financial and non-financial institutions - unsecured			
2008 5-year corporate note	8.78%	**₱3,330,000**	₱3,330,000
2008 7-year corporate note	9.33%	**554,400**	554,400
2009 5-year corporate note	8.23%	**5,000,000**	5,000,000
Retail bonds - unsecured			
3-year bonds	8.00%	**705,580**	705,580
5-year bonds	8.70%	**2,294,420**	2,294,420
HSI			
Financial institutions - secured	8.52%	**3,570,000**	3,570,000
HI			
Financial institution - secured	8.36%	**581,400**	613,700
CPPC			
Financial institutions - secured	6.68%	**800,000**	–
SEZC			
Financial institution - secured	8.26% - 10.02%	**325,500**	331,454
Total		**17,161,300**	16,399,554
Less deferred financing costs		**115,535**	147,019
		17,045,765	16,252,535
Less current portion		**101,200**	101,200
		₱16,944,565	₱16,151,335

G Debt Securities

The Company registered and issued P3 billion worth of peso denominated fixed rate retail bonds on April 30, 2009 under the following terms:

MATURITY	INTEREST RATE	AMOUNT
5-year bonds to mature on May 1, 2014	8.7%/p.a.	₱2,294,420
3-year bonds to mature on April 30, 2012	8.0%/p.a.	₱705,580

H Earnings Per Common Share

Earnings per common share amounts were computed as follows:

		JAN-MAR/10	JAN-MAR/09
a.	Net income attributable to equity holders of the parent	**₱7,429,112**	₱380,833
b.	Weighted average number of common shares issued and outstanding	**7,358,604,307**	6,279,302,154
c.	Earnings per common share (a/b)	**₱1.01**	₱0.05

There are no dilutive potential common shares as of March 31, 2010 and 2009.

I Business Segment Information

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker (CODM) to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately according to services provided, with each segment representing a strategic business segment. The Group identified operating segments, which are consistent with the segments reported to the Board of Directors (BOD), which is the Group's CODM, are as follows:

- "Power Generation" segment, which is engaged in the generation and supply of power to various customers under power supply contracts and for trading in WESM;
- "Power Distribution" segment, which is engaged in the distribution and sale of electricity to the end-users; and
- "Parent Company and Others", which includes the operations of the Company and electricity-related services of the Group such as installation of electrical equipment.

The Group has only one geographical segment, as all of its assets are located in the Philippines. The Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with PFRS. The presentation and classification of segment revenue and segment expenses are consistent with the consolidated statement of income. Interest expense and financing charges, depreciation and amortization expense and income taxes are managed on a per segment basis.

The Group has inter-segment revenues in the form of management fees as well as inter-segment sales of electricity which are eliminated in consolidation. The transfers are accounted for at competitive market prices on an arms length transaction basis.

Segment assets do not include deferred income tax assets, pension asset and other noncurrent assets. Segment liabilities do not include deferred income tax liabilities, income tax payable and pension liability. Adjustments as shown below include items not presented as part of segment assets and liabilities.

Financial information on the operations of the various business segments are summarized as follows:

March 31, 2010

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	**₱13,808,287**	**₱2,776,869**	**₱15,396**	**₱–**	**₱16,600,552**
Inter-segment	**46,799**	**–**	**60,567**	**(107,366)**	**–**
Total Revenue	**₱13,855,086**	**₱2,776,869**	**₱75,963**	**(₱107,366)**	**₱16,600,552**
Segment results	**₱8,021,023**	**₱84,271**	**₱11,431**	**₱–**	**₱8,116,725**
Unallocated corporate income - net	**533,875**	**88,306**	**7,506**	**–**	**629,687**
INCOME FROM OPERATIONS	**8,554,898**	**172,577**	**18,937**	**–**	**8,746,412**
Interest expense	**(1,276741)**	**(26,922)**	**(284,923)**	**–**	**(1,588,586)**
Interest income	**8,539**	**2,420**	**879**	**–**	**11,838**
Share in net earnings of associates	**530,973**	**60,202**	**7,704,804**	**(7,704,804)**	**591,175**
Provision for (benefit from) income tax	**(291,125)**	**(31,912)**	**(6,513)**	**–**	**(329,550)**
NET INCOME	**₱7,526,544**	**₱176,365**	**₱7,433,184**	**(₱7,704,804)**	**₱7,431,289**
OTHER INFORMATION					
Investments in Associates	**₱22,713,908**	**₱2,313,112**	**₱35,506,740**	**(₱35,506,740)**	**₱25,027,020**
Segment Assets	**₱108,761,372**	**₱8,126,026**	**₱59,365,769**	**(₱55,497,129)**	**₱120,756,038**
Segment Liabilities	**₱78,091,282**	**₱4,891,249**	**₱17,655,746**	**(₱22,316,551)**	**₱78,321,726**
Depreciation and amortization	**₱602,145**	**₱80,085**	**₱3,901**	**₱–**	**₱686,131**

March 31, 2009

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱450,781	₱2,427,095	₱17,076	₱–	₱2,894,952
Inter-segment	33,937	–	55,246	(89,183)	–
Total Revenue	₱484,718	₱2,427,095	₱72,322	(₱89,183)	₱2,894,952
Segment results	₱7,446	₱219,549	₱14,320	₱–	₱241,315
Unallocated corporate income (expenses)	(60,400)	86,139	32,076	–	57,815
INCOME FROM OPERATIONS	(52,954)	305,688	46,396	–	299,130
Interest expense	(19,054)	(29,828)	(136,380)	6,357	(178,905)
Interest income	5,574	2,049	200,132	(6,357)	201,398
Share in net earnings of associates	171,738	17,715	311,581	(311,581)	189,453
Provision for income tax	1,542	(80,799)	(36,199)	–	(115,456)
NET INCOME	₱106,846	₱214,825	₱385,530	(₱311,581)	₱395,620
OTHER INFORMATION					
Investments in Associates	₱17,559,012	₱2,294,330	₱20,897,794	(₱20,897,794)	₱19,853,342
Segment Assets	₱26,538,636	₱7,601,217	₱38,305,839	(₱25,819,501)	₱46,626,191
Segment Liabilities	₱9,577,684	₱4,238,908	₱9,137,336	(₱5,978,064)	₱16,975,864
Depreciation and amortization	₱47,326	₱86,641	₱1,976	₱–	₱135,943

J Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents and long-term debts. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial instruments such as trade and other receivables, derivative asset, AFS investments, restricted cash, bank loans, trade and other payables, derivative liabilities, finance lease obligation, payable to preferred shareholder of a subsidiary, long-term obligation on power distribution system and customers' deposits, which arise directly from its operations.

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, foreign exchange risk, and credit risk. The BOD reviews and agrees policies for managing each of these risks and they are summarized below.

Liquidity risk
Liquidity risk is the risk of not meeting obligations as they become due because of an inability to liquidate assets or obtain adequate funding. The Group maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements are maintained to meet maturing obligations and pay dividend declarations.

In managing its long-term financial requirements, the Group's policy is that not more than 25% of long term borrowings should mature in any twelve-month period. 5.36% of the Group's debt will mature in less than one year at March 31, 2010 (December 31, 2009: 3.74%). For its short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

The financial assets that will be principally used to settle the financial liabilities presented in the following table are from cash and cash equivalents, trade and other receivables that have contractual undiscounted principal cash flows amounting to ₱4,552,434 and ₱9,709,872 as of March 31, 2010. Cash and cash equivalents can be withdrawn anytime while trade and other receivables are expected to be collected/realized within one year.

The following table summarizes the maturity profile of the Group's financial liabilities as of March 31, 2010 based on contractual undiscounted principal payments:

	Total carrying value	Contractual undiscounted principal payments				
		Total	On demand	<1 year	1 to 5 years	> 5 years
Trade and other payables	**₱5,846,591**	**₱5,846,591**	₱–	₱5,846,591	₱–	₱–
Due to related parties	**1,795,992**	**1,795,992**	1,795,992	–	–	–
Customers' deposits	**1,837,377**	**1,837,377**	–	–	22,988	1,814,389
Bank loans	**4,987,610**	**4,987,610**	–	4,987,610	–	–
Payable to preferred shareholders of subsidiary	**61,912**	**124,280**	–	31,070	93,210	–
Finance lease obligation	**45,916,307**	**114,964,326**	–	1,118,040	28,549,151	85,297,135
Long-term obligation on power distribution system	**296,235**	**720,000**	–	40,000	200,000	480,000
Long-term debts	**17,045,765**	**17,161,300**	–	101,200	13,599,000	3,461,100
Total	**₱75,862,418**	**₱147,437,476**	₱1,795,992	₱12,124,511	₱42,464,349	₱91,052,624

Interest rate risk
The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund raising activities. As of March 31, 2010, 5% of the Group's long term debt had floating interest rates ranging from 3.98% to 4.19%, and 95% are with fixed rates ranging from 8.00% to 10.02%. As of December 31, 2009, all of the Group's long term debt had fixed rates ranging from 8.00% to 10.02%. .

The following tables set out the carrying amounts, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

As of March 31, 2010

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱–	₱800,000	₱–	₱800,000
Floating rate - payable to preferred shareholder of a subsidiary	3,449	58,463	–	61,912
	₱3,449	₱858,463	₱–	₱861,912

As of December 31, 2009

	<1 year	1-5 years	>5 years	**Total**
Floating rate - payable to preferred shareholder of a subsidiary	₱11,263	₱76,767	**₱–**	**₱88,030**

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are noninterest-bearing and are therefore not subject to interest rate risk. The Group's derivative asset and liabilities are subject to fair value interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's income before tax (through the impact on floating rate borrowings).

	Increase (decrease) in basis points	Effect on income before tax
March 2010	100	(₱8,000)
	(50)	4,000

There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

The sources of interest expense and other finance charges recognized during the period are as follows:

	JAN-MAR/10	JAN-MAR/09
Bank loans and long-term debt	**₱323,392**	₱162,718
Customers' deposits	**1,485**	1,414
Finance lease obligation	**1,249,880**	–
Long-term obligation on power distribution system	**8,775**	8,911
Payable to preferred shareholder of subsidiary	**4,952**	5,469
Advances from related parties	**102**	393
	₱1,588,586	₱178,905

Foreign exchange risk
The foreign exchange risk of the Group pertains significantly to its foreign currency denominated obligations. To manage its foreign exchange risk, stabilize cash flows and improve investment and cash flow planning, the Group enters into foreign currency forward contracts aimed at reducing and/or managing adverse impact of changes in foreign exchange rates on financial performance and cash flows. As of March 31, 2010 and December 31, 2009, foreign currency denominated borrowings account for 36% and 41%, respectively, of total consolidated borrowings.

Presented below are the Group's foreign currency denominated financial assets and liabilities as of March 31, 2010, translated to Philippine Peso.

	December 31, 2009	
	US Dollar	Philippine Peso equivalent[1]
Loans and receivables		
Cash	**US$2,313**	**₱104,499**
Trade and other receivables	–	–
Advances to associates	**1,402**	**63,322**
Restricted cash	**12,131**	**547,929**
Total financial assets	**15,846**	**715,750**
Other financial liabilities		
Bank loans	**16,722**	**755,310**
Trade and other payables	–	–
Finance lease obligation	**530,550**	**23,964,950**
Total financial liabilities	**547,272**	**24,720,260**
	(US$531,426)	**(₱24,004,010)**

[1]$1 = ₱45.1700
$1 = ₱46.2000
ending Dec 31 2009

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates, with all other variables held constant, of the Group's income before tax as of March 31, 2010.

	Increase/ (decrease) in US Dollar	Effect on income before tax
March 31, 2010		
US dollar denominated accounts	**US Dollar strengthens by 5%**	**(₱1,200,225)**
US dollar denominated accounts	**US Dollar weakens by 5%**	**1,200,225**

The increase in US Dollar rate represents the depreciation of the Philippine Peso while the decrease in US Dollar rate represents appreciation of the Philippine Peso.

There is no other impact on the Group's equity other than those already affecting the consolidated statements of income.

Credit risk
For its cash investments (including restricted portion), AFS investments and receivables, the Group's credit risk pertains to possible default by the counterparty, with a maximum exposure equal to the carrying amount of these investments. With respect to cash investments and AFS investments, the risk is mitigated by the short-term and or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions of high credit standing. With respect to receivables, credit risk is controlled by the application of credit approval, limit and monitoring procedures. It is the Group's policy to enter into transactions with credit-worthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures. The Group has no significant concentration risk to counterparty or group of counterparties.

Credit risk concentration of the Group's receivables according to the customer category as of March 31, 2010 and December 31, 2009 is summarized in the following table:

	March 31, 2010	December 31, 2009
Power distribution		
Residential	**₱239,516**	₱228,942
Commercial	**91,016**	96,799
Industrial	**416,572**	296,444
City street lighting	**2,178**	10,465
Power generation		
Spot market	**3,914,317**	975,729
Power supply contracts	**4,057,398**	2,104,015
	₱8,720,997	₱3,712,394

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

No changes were made in the objectives, policies or processes during the period ended March 31, 2010 and December 31, 2009.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group's policy is to keep the gearing ratio at 70% or below. The Group determines net debt as the sum of interest-bearing short-term and long-term loans (comprising long-term debt, finance lease obligation and payable to preferred shareholders of a subsidiary) less cash and short-term deposits and temporary interest bearing advances to related parties.

Gearing ratios of the Group as of March 31, 2010 and December 31, 2009 are as follows:

	2009	2008
Bank loans	**₱4,987,610**	₱5,828,100
Long-term debt	**63,023,984**	61,926,729
Cash and cash equivalents	**(4,552,434)**	(3,814,906)
Temporary advances to related parties	**–**	–
Net debt (a)	**63,459,160**	63,939,923
Equity	**42,434,312**	35,046,927
Equity and net debt (b)	**₱105,893,472**	₱98,986,850
Gearing ratio (a/b)	**59.93%**	64.59%

K Financial Instruments

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements at other than fair values (amounts in millions).

	March 31, 2010		December 31, 2009	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
FINANCIAL ASSETS				
Loans and Receivables				
Cash and cash equivalents	**₱4,552**	**₱4,552**	₱3,815	₱3,815
Trade and other receivables	**9,713**	**9,713**	4,476	4,476
Other noncurrent asset*	**548**	**548**	560	560
	14,813	**14,813**	8,851	8,851
Financial Assets at FVPL				
Derivative asset	–	–	1	1
AFS Financial Assets	**4**	**4**	4	4
	₱14,817	**₱14,817**	₱8,856	₱8,856
FINANCIAL LIABILITIES				
Other Financial Liabilities				
Bank loans	**₱4,988**	**₱4,988**	**₱5,828**	**₱5,828**
Long-term debt				
Floating - long-term debt	**800**	**800**	–	–
Fixed rate - long-term debt	**16,246**	**17,411**	**16,253**	**17,411**
Floating rate - payable to preferred shareholder of a subsidiary	**62**	**62**	**88**	**88**
Fixed rate - finance lease obligation	**45,916**	**52,010**	**45,586**	**52,947**
	63,024	**70,283**	**61,927**	**70,446**
Customers' deposits	**1,837**	**1,837**	**1,781**	**1,781**
Long-term obligation on power distribution system	**296**	**301**	**287**	**292**
Trade and other payables	**7,642**	**7,642**	**6,023**	**6,023**
	77,788	**85,051**	**75,846**	**84,370**
Financial Liability at FVPL				
Derivative liabilities	4	4	16	16
	₱77,792	**₱85,055**	**₱75,862**	**₱84,386**

**"Other noncurrent asset" represents restricted cash in bank.*

<u>Fair Value of Financial Instruments</u>
Fair value is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's-length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. For a financial instrument with an active market, the quoted market price is used as its fair value. On the other hand, if transactions are no longer regularly occurring even if prices might be available and the only observed transactions are forced transactions or distressed sales, then the market is considered inactive. For a financial instrument with an active market, its fair value is determined using a valuation technique (e.g. discounted cash flow approach) that incorporates all factors that market participants would consider in setting a price.

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

Cash and cash equivalents, trade and other receivables, bank loans and trade and other payables. The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate fair value due to the relatively short-term maturity of these financial instruments.

Restricted cash
The carrying value of the restricted cash approximates their fair value as they earn interest based on prevailing bank deposit rates.

Derivative asset and liabilities. The fair value is calculated by reference to prevailing interest rate differential and spot exchange rate as of valuation date, taking into account its remaining term to maturity.

Fixed-rate borrowings. The fair value of fixed rate interest bearing loans is based on the discounted value of future cash flows using the applicable rates for similar types of loans.

Floating-rate borrowings. Since repricing of the variable-rate interest bearing loan is frequent (i.e., three-month repricing), the carrying value approximates the fair value.

Finance lease obligation. The fair value of the finance lease obligation was calculated by discounting future cash flows using applicable interest rates.

Long-term obligation on PDS. The fair value of the long-term obligations on power distribution system is calculated by discounting expected future cash flows at prevailing market rates.

Customers' deposits. The fair value of bill deposits approximates the carrying values as these deposits earn interest at the prevailing market interest rate in accordance with regulatory guidelines. The timing and related amounts of future cash flows relating to transformer and lines and poles deposits cannot be reasonably and reliably estimated for purposes of establishing their fair values using an alternative valuation technique.

AFS investments. The fair values of AFS investments are based on cost since fair values are not readily determinable.

<u>Fair Value Hierarchy</u>
The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly
Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

Only the Group's derivative instruments, which are classified under Level 2, are measured at fair value. During the reporting period ending December 31, 2009, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

L **Disclosures**

1. Basis of Preparation, Statement of Compliance and Changes in Accounting Policies

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for AFS investments, which are measured at fair value. The consolidated financial statements are presented in Philippine peso and all values are rounded to the nearest thousand except for earnings per share and exchange rates and otherwise indicated.

Statement of Compliance

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

Changes in Accounting Policies

The accounting policies followed in the preparation of the interim financial statements are consistent with those of the previous financial year except for the following amended PFRS which the Group has adopted starting January 1, 2010:

- *Revised PFRS 3, Business Combinations, and Amendments to PAS 27, Consolidated and Separate Financial Statements*
  PFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results. PAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes in PFRS 3 (Revised) and PAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. PFRS 3 (Revised) will be applied prospectively while PAS 27 (Amended) will be applied retrospectively with a few exceptions.

  The revisions made under PAS 27 have no significant impact on the Group as its current manner of accounting for changes in its ownership interest of subsidiaries is already in compliance with this new accounting standard.

- *Amendments to PFRS 2, Share-based Payments - Group Cash-settled Share-based Payment Transactions*
  The amendments to PFRS 2, Share-based Payments, clarify the scope and the accounting for group cash-settled share-based payment transactions. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group as the Group has not entered into any such share-based payment transactions.

- *Amendment to PAS 39, Financial Instruments: Recognition and Measurement - Eligible Hedged Items*
  The amendment to PAS 39, Financial Instruments: Recognition and Measurement clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of

inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no significant impact on the financial position or performance of the Group.

- *Philippine Interpretations IFRIC 17, Distributions of Non-Cash Assets to Owners*
  This Interpretation provides guidance on how to account for non-cash distributions to owners. It clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability. The Group does not expect the Interpretation to have an impact on the consolidated financial statements.

Improvement to PFRS Effective 2010
The omnibus amendments to PFRS issued in 2009 were issued primarily with a view to removing inconsistencies and clarifying wording. The amendments are effective for annual periods beginning on or after January 1, 2010 except otherwise stated. The Group anticipates that these changes will have no material effect on the consolidated financial statements.

- *PFRS 2, Share-based Payments*
  Clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of PFRS 2 even though they are out of scope of PFRS 3, Business Combinations (Revised).

- · *PFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations*
  Clarifies that the disclosures required with respect to noncurrent assets and disposal groups classified as held for sale or discontinued operations are only those set out in PFRS 5. The disclosure requirements of other PFRS only apply if specifically required for such noncurrent assets or discontinued operations.

- *PFRS 8, Operating Segments*
  Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

- · *PAS 1, Presentation of Financial Statements*
  Clarifies that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

- · *PAS 7, Cash Flow Statements*
  Explicitly states that only expenditure that results in a recognized asset can be classified as a cash flow from investing activities.

- · *PAS 17, Leases*
  Removes the specific guidance on classifying land as a lease. Prior to the amendment, leases of land were classified as operating leases. The amendment now requires that leases of land are classified as either “finance” or “operating” in accordance with the general principles of PAS 17. The amendments will be applied retrospectively.

- · *PAS 36, Impairment of Assets PFRS 2, Share-based Payments*
  Clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in PFRS 8 before aggregation for reporting purposes.

- · *PAS 38, Intangible Assets*
  Clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognize the group of intangible assets as a single asset provided the individual assets have similar useful lives. Also clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used.

- · *PAS 39, Financial Instruments: Recognition and Measurement*
  Clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract;

  The scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken; and

  Gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognized financial instruments should be reclassified in the period that the hedged forecast cash flows affect comprehensive income.

- · *Philippine Interpretation IFRIC 9, Reassessment of Embedded Derivatives*
  Clarifies that it does not apply to possible reassessment at the date of acquisition, to embedded derivatives in contracts acquired in a business combination between entities or businesses under common control or the formation of joint venture.

- · *Philippine Interpretation IFRIC 16, Hedges of a Net Investment in a Foreign Operation*

  States that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of PAS 39 that relate to a net investment hedge are satisfied.

2. Seasonality of Interim Operations

Operations of hydropower plants are generally affected by climatic seasonality. Seasonality and location have a direct effect on the level of precipitation. In Luzon where rainy and summer seasons are more pronounced, higher rainfall is normally experienced in the months of June to September. As such, the hydropower plants located in Luzon operate at their maximum capacity during this period. In contrast, the hydropower plants in Mindanao experience a well-distributed rainfall throughout the year, with a slightly better precipitation during the months of December to April. This precipitation seasonality greatly affects subsidiary company Hedcor Inc. (HI) and LHC (associate), which operate ‘run-of-river’ hydropower plants since these plants do not have any means to impound water.

Any unexpected change in the seasonal aspects will have no material effect on the Group's financial condition or results of operations.

3. Material Events and Changes

On July 31, 2009, Therma Marine and Therma Mobile, subsidiaries, won the negotiated bid with PSALM for the 100 MW PB 118 and 100 MW PB 117 with a bid price of US$16.0 million and $14.0 million, respectively. PB 118 is moored in Barangay San Roque, Maco, Compostela Valley in Mindanao. PB 117 is moored in Barangay Sta. Ana, Nasipit, Agusan Del Norte.

Under the terms of the APA, Therma Marine is required to deliver at least 40% of the purchase price upon closing of the acquisition. The remaining 60% is payable over a period not to exceed seven years. On February 16, 2010, Therma Marine entered into an Assignment Agreement (the Agreement) with Therma Mobile. Under the agreement, Therma Mobile transferred all of its rights and obligations under the APA as buyer of PB 117. Therma Marine shall now be deemed, for all intents and purposes as the buyer of PB 117.

The control and possession of PB 118 and PB 117 was successfully turned-over and transferred to Therma Marine on February 6, 2010 and March 1, 2010, respectively. Therma Marine will account for the purchase of PB 117 and PB 118 as acquisition of a business using the purchase method. As of March 31, 2010, Therma Marine has yet to finalize the purchase price allocation.

Except for the above developments and as disclosed in some other portions of this report, no other significant event occurred that would have a material impact on the registrant and its subsidiaries, and no other known trend, event or uncertainty came about that had or were reasonably expected to have a material favorable or unfavorable impact on revenues or income from continuing operations, since the end of the most recently completed fiscal year. There were also no significant elements of income or loss that did not arise from the continuing operations of the registrant and its subsidiaries.

Other than those disclosed above, no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons entities or other persons were created during the interim period. There were also no events that would trigger substantial direct or contingent financial obligations or cause any default or acceleration of an existing obligation.

Likewise, there were no other material changes made in such items as: accounting principles & practices, estimates inherent in the preparation of financial statements, status of long-term contracts, changes in the composition of the issuer, and reporting entity resulting from business combinations or dispositions.

Lastly, there were no changes in estimates of amounts reported in prior interim period and financial year that would have a material effect in the current interim period.

4. Material Adjustments

There were no material, non-recurring adjustments made during period that would require appropriate disclosures. All other adjustments are of a normal recurring nature.

5. Contingencies

There are legal cases filed against certain subsidiaries in the normal course of business. Management and its legal counsel believe that the subsidiaries have substantial legal and factual bases for their position and are of the opinion that losses arising from these cases, if any, will not have a material adverse impact on the consolidated financial statements.

ABOITIZ POWER CORP. AND SUBSIDIARIES
AGING OF RECEIVABLES
AS OF : MAR 31/2010

	30 Days	60 Days	90 Days	Over 90 Days	Total
A/R - Trade:					
Power Distribution Customers	552,802	155,896	5,705	22,341	736,744
Power Generation Customers	5,944,402	1,636,689	318,522	72,102	7,971,715
Management & Other Services Customers	10,246	1,993	0	299	12,538
Sub-total - A/R - Trade	**6,507,450**	**1,794,578**	**324,227**	**94,742**	**8,720,997**
Less : Allowance for Doubful Accounts					**96,203**
Net Trade Receivables					**8,624,794**
A/R - Non Trade	**724,280**	**80,147**	**28,359**	**252,292**	**1,085,078**
Grand Total	**7,231,730**	**1,874,725**	**352,586**	**347,034**	**9,709,872**

Type of Receivable	Nature / Description	Period
Trade	uncollected billings to customers for sale of power, goods and services	30 - 60 days
Non-Trade	claims, operating cash advances and advances to suppliers & employees	30 - 120 days

NORMAL OPERATING CYCLE

Power Subsidiaries

Distribution - 60 days

Generation - 65 days