COVER SHEET

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S.E.C. Registration Number

A B O I T I Z   P O W E R   C O R P O R A T I O N

(Company's Full Name)

A B O I T I Z   C O R P O R A T E   C E N T E R

G O V . M A N U E L   A . C U E N C O   A V E N U E ,

K A S A M B A G A N , C E B U   C I T Y

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

ATTY. M. JASMINE S. OPORTO	**032-411-1804**
Contact Person	Company Telephone Number

Fiscal Year	FORM TYPE	Annual Meeting
	1st Quarterly Report	3rd Monday of May
1 2 / 3 1	1 7 - Q	0 5 / 1 7
Month *Day*	FORM TYPE	*Month* *Day*
Fiscal Year		Annual Meeting

Secondary License Type, if Applicable

S E C

Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders	Domestic	Foreign
	x	

- -

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

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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, 2011

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	₱76,715,262,000

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", "AboitizPower" 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 key performance indicators for the three months of 2011 and 2010 and as of December 31, 2010:

Amounts in thousands except for financial ratios

	March 31, 2011	March 31, 2010	DEC. 31, 2010
SHARE IN NET EARNINGS OF ASSOCIATES	1,362,940	591,175	
EBITDA	7,602,957	9,464,915	
CASH FLOW GENERATED:			
Net cash flows from operating activities	5,765,758	3,764,433	
Net cash flows used in investing activities	1,244,978	(2,439,595)	
Net cash flows from (used in) financing activities	(2,009,615)	(795,847)	
Net Increase (Decrease) in Cash & Cash Equivalents	5,001,121	528,991	
Cash & Cash Equivalents, Beginning	18, 301,845	3,814,906	
Cash & Cash Equivalents, End	23,289,362	4,552,434	
CURRENT RATIO	3.32		2.58
DEBT-TO-EQUITY RATIO	1.22		1.33

The Company's take up of its Share in Net Earnings of Associates in the first quarter of this year has more than doubled from that of the first quarter of 2010. The major contributors are outlined below.

SN Aboitiz Power-Magat, Inc. (SNAP-Magat) has experienced significant increase in its ancillary service revenues as it enjoyed higher acceptance on its nominated capacities to the National Grid Corporation of the Philippines (NGCP). In the third quarter of 2010, SN Aboitiz Power-Benguet, Inc. (SNAP-Benguet) also managed to sign up for ancillary services contract with NGCP which brought in fresh revenues in the first quarter of 2011 when compared to the first quarter of last year.

In the first quarter of 2010, Cebu Energy Development Corporation (CEDC) started full commercial operations on its 246 MW Coal plant in Toledo, Cebu. This allowed the Company to recognize fresh contributions in Net Earnings from this newly operating associate.

STEAG State Power, Inc. (STEAG), operator of a 232-megawatt (MW) coal plant in Misamis Oriental, increased their earnings contributions due to the effects of a major index in its pricing formula which went up this year versus last year.

One of AboitizPower's associate distribution companies, Visayan Electric Company, Inc. (VECO), shifted to the performance-based rate-setting regulation (PBR) scheme in August 2010. This would have improved the gross margins of VECO but an under recovery occurred when both its purchased power and transmission costs increased which affected their gross margins for this period.

The Company's Current Ratio increased from 2.58x to 3.32x due to a 20% increase in the Company's current assets while Current Liabilities remained flat. The increase in Current Assets is due to higher Cash at AP Parent from continued robust cash upstreams from its subsidiaries and associates as well as higher Cash balances at Therma Luzon, Inc. (TLI) generated from its operations.

The Company's Debt to Equity improved as total Liabilities remained at about the same levels while Equity increased as the period's net income is recognized for the first three quarters of 2010.

Financial Results of Operations

Net Income in the first three months of 2011 came in at ₱5.14 billion (bn) which is 31% lower than the net income recognized for the same period last year.

The power generation business income contribution for the period in review has declined by 35% from ₱7.54 bn in the first quarter of 2010 to ₱4.92 bn in the first quarter of 2011. On the Revenues side, lower sales volume coupled with lower average selling prices led to the decline in the income contribution of the group. Cooler climate in the first quarter kept demand at lower levels when compared to the first quarter of 2010 when the effects of the El Niño phenomenon drove demand to very high levels. On the Supply side, the Luzon Grid experienced lesser plant outages when compared to the same period last year. Consequently, the Generations group's attributable net generation decreased by 10% from 2,418 GWh to 2,168 GWh. The drop in average selling prices decreased as a result of much lower Wholesale Electricity Spot Market (WESM) prices, lower by at least 66% when compared to the prior year's levels. The Group managed to temper its exposure to the spot market by increasing its contracted capacity through bilateral agreements. On the expense side, margins were pressed as fuel costs, particularly the cost of coal for TLI increased while a large portion of tariff rates under its bilateral contracts were still based on the time of use rate by National Power Corporation (NPC).

The upside under the Generation Group's results came from higher contributions from SNAP-Magat and SNAP-Benguet as it managed to obtain higher acceptance of its nominated capacities under its Ancillary Service Contracts with NGCP. This resulted to an increase in their income contribution by 244%.

AboitizPower also saw new contributions under the generation business portfolio with the completion of the 42.5 MW Sibulan Hydro Project as well as the full commercial operations of the 26% owned 246 MW coal plant of CEDC. This resulted to a 5% percent increase to 2,051 MW in the Company's attributable capacity.

The Distribution Group's income contribution grew by 107% from ₱219 million (mn) to ₱454 mn for the first three months of the year. Attributable capacity sales increased by 6% while gross margins improved as the large utilities under this group, Davao Light & Power Company, Inc. (Davao Light) and VECO implemented the higher rates under the PBR scheme. Operating Expenses meanwhile decreased for Davao Light as the improved power supply in Mindanao did not require the running of its Bajada Power Plant.

1. INCOME STATEMENTS (January – March 2011 vs. January – March 2010)

Consolidated Net Income Attributable to Equity Holders of the Parent decreased by 31% from ₱7.42 bn in the first three months of 2010 to ₱5.11 bn for the same period in 2011. This translates to an earnings per share of ₱0.69. Below is a reconciliation of the decrease 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 2010	7,429,112
Decrease in Operating Revenues	(3,661,145)
Decrease in Operating Expenses	915,163
Increase in Share in Net Earnings of Associates	771,765
Increase in Interest Income	131,164
Increase in Interest Expenses	(127,555)
Decrease in Other Income	(321,612)
Lower Provision for Taxes	7,291
Increase in Minority Interests	(38,332)
Total	(2,323,262)
Consolidated Net Income Attributable to Equity Holders of the Parent for the three months of 2010	5,105,850

The decline in Operating Revenues are largely attributable to the lower revenues taken up during the period at TLI due to lower volumes sold as well as lower average selling prices. Revenues at TLI fell by 37% or ₱ 2.76 bn. AP Renewables, Inc. (APRI), AboitizPower's geothermal company, also saw a decrease in Operating Revenues as it also saw lower Revenues from its WESM sold electricity due to a 66% drop in WESM prices. APRI's Operating Revenues for the quarter decreased by ₱857 mn when compared to the same quarter last year.

Total Operating Expenses decreased by 11% due to lower plant and direct costs for APRI by ₱353 mn. Lower Fuel Costs due to lesser dispatch at Therma Marine, Inc. (TMI) translated to a decrease of ₱494 mn in operating expenses. Fuel and operating expenses at Cebu Private Power Corporation (CPPC) was also lower by ₱377 mn due to lower dispatch. These decreases in Operating Expenses were offset by increases in Operating Expenses in newly operating Hedcor Sibulan, Inc. (Hedcor Sibulan), as well as higher coal costs at TLI.

Share on Net Earnings from Associates grew by 131% and the major contributors to this increase are the two major hydro facilities in AboitizPower's portfolio. SNAP-Magat experienced a significant increase in its ancillary service revenues as it enjoyed higher acceptance of its nominated capacities to NGCP. In the third quarter of 2010, SNAP-Benguet also managed to sign an ancillary services contract with NGCP, which brought in fresh revenues in the first quarter of 2011 when compared to the first quarter of last year. The increased income contributions of both companies to AboitizPower for the comparative periods rose by ₱678 mn.

Other contributors are Abovant Holdings, Inc. (Abovant) as it recognized contributions from CEDC which started full commercial operations on its 246 MW coal plant in Toledo, Cebu.

STEAG State Power, Inc. (STEAG), operator of a 232-megawatt (MW) coal plant in Misamis Oriental, increased their earnings contributions due to the effects of a major index in its pricing formula which went up this year versus last year.

The above drivers of the increase in Share in Net Earnings from Associates were very slightly impacted by the lower margins from VECO. VECO, which shifted to the PBR scheme in August

2010, ended up with lower margins as a result of under recovery in purchased power and transmission costs. The under recovery offset the positive effects of the shift to PBR while lowering the applications for the period.

With the Company starting off the year with much higher cash balances versus the beginning of 2010, and with cash increasing by 27% in the first three months, it was expected that this will lead to higher Interest Income recognized for the period versus that of the first quarter of 2010.

The increase in Interest Expense is coming from the continued recognition of accreted interest by TLI for its Pagbilao Independent Power Producer Administrator (IPPA) Contract, 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. This accounts for ₱81 mn of the increase. The remaining increase in Interest Expense is due to newly operating Hedcor Sibulan whose interest expense on its loan starts to get consolidated.

The decrease in Other Income (Charges) is mainly due to lower unrealized forex gains recognized by TLI on the dollar portion of its finance lease monthly payments which was ₱542 mn unrealized forex gains against -₱286 mn lower to the end of the first quarter of 2010. AP Parent has recognized unrealized forex losses on its cash held in US dollars as the peso strengthened against the US dollar in the first quarter.

For the reporting period, the provision for income taxes increased by 2% due to higher provisions for tax at its consolidated distribution companies as they recognize higher net income than the previous year. Davao Light took up the highest increase in provision for income tax during the period.

The changes to the Company's business environment led to the 31% decrease in the results of its operations in the first quarter of 2011 when compared to the first quarter of 2010.

Changes in Registrant's Resources, Liabilities and Shareholders' Equity

Assets

At the close of the first quarter the Company saw a 4% or a ₱5.02 bn increase in its total consolidated assets from year end 2010. The various changes in the balance sheet accounts are explained below.

a) The increase in Cash and Cash Equivalents by ₱4.99 bn makes up the bulk of the increase in total consolidated assets. This account increased by a solid 27% from ₱18.3 bn to ₱23.29 bn. At AP Parent cash increased as dividends are received from its distribution utilities and cash generated by ARI and Therma Power Inc. (TPI) from their subsidiaries operations is upstreamed.

b) Derivative Assets were down to zero as of March 31, 2011 as some of the forward contracts entered into by the Company ended during the first quarter. The Contracts ending beyond the first quarter, when revalued, shifted to a derivative liability position.

c) Inventories increased by 13% or ₱235 mn as TPI recognized a higher carrying cost on its coal inventory due to the increase in coal prices.

d) Deferred Income Tax Asset increased by 6% mostly arising from the effects of unrealized forex losses at AP Parent.

Liabilities

Consolidated Liabilities remained almost unchanged at ₱76.72 mn at the end of the first quarter 2011 versus ₱76.82 mn ending December 31, 2010.

a) Bank loans decreased from ₱1.98 bn at the end of the year 2010 to ₱1.15 bn ending March 2011. The 42% decrease resulted from AP Parent's pay down of a short term loan of ₱1.29 bn in the first quarter while various short term loans were also entered into by the consolidated Distribution utilities to meet working capital requirements.

b) The Derivative liability is due to non-deliverable foreign currency forward contracts which was entered into by the Company to economically hedge its foreign currency risk.

c) Income tax payable increased due to higher taxable income recognized by Davao Light (higher by ₱132 mn) and at TMI (higher by ₱48 mn). The rest of the subsidiaries also recognized slightly higher income tax payables at the end of the quarter.

d) Payable to preferred shareholders decreased by ₱26.75 mn as payments were made in the first quarter of the year.

e) Deferred Income Tax Liability increased due to the effects of the unrealized foreign exchange gains on TLI's dollar obligations to PSALM past its tax holiday period.

Equity

Equity attributable to equity holders of the parent increased from ₱57.33 bn as of December 2010 to ₱62.42 bn as of March 2011. This is mainly driven by the Net Income recorded for the quarter of ₱5.11 bn.

The Company declared dividends of ₱1.32 per share to all shareholders of record as of March 17, 2011, which was paid last April 5, 2011.

Material Changes in Liquidity and Cash Reserves of Registrant

The Company continues its steady build up of its Cash and Cash Equivalents from year end 2010 levels of ₱18.30 bn to ₱23.29 bn at the end of the first quarter of 2011.

The biggest activity that shored in cash for the period came from cash provided by operating activities which came in 53% higher than the previous year's ₱3.76 bn to ₱5.77 bn.

Investing activities also added an additional ₱1.24 bn from an outflow of ₱2.44 bn for the same 3-month period last year as the Company managed to receive dividends amounting to ₱2.06 bn against the combined outflow of ₱944.75 from investing related activities of advances to associates and payments for capital expenditures.

Financing Activities led to cash outflows of ₱2.01 bn for payments of short-term and long-term debts as well as for monthly payments to PSALM as provided for under the IPPA Contract between TLI and PSALM. Outflows for financing activities relating to interest expenses paid was also incurred during the first three months.

The above activities resulted to an upward change in cash of ₱4.99 bn or a 27% increase from

₱18.30 bn December 31, 2010 to ₱23.29 bn ending March 2011.

Financial Ratios

Current ratio improved from 2.58x to 3.32x as Current Assets increased as a result of the higher cash held by the Company.

With debt remaining at the same levels as at the end of last year and a take up of ₱5.11 bn in income which increased Equity, the debt to equity ratio of the Company also managed to improve from 1.33 at the end of 2010 to 1.22 at the end of the first quarter 2011.

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, AboitizPower believes that it is in a good position to benefit from the opportunities that may arise in the current year. Its sound financial condition, coupled with a number of industry and company specific developments, should bode well for AboitizPower and its investee companies. These developments are as follows:

Generation Business

1. Continued growth in the Company's attributable capacity

AboitizPower ended the year 2010 with an 18% YoY expansion in its total attributable generating capacity, from 1,745 MW to 2,051 MW. The capacity growth was mainly due to the following:

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

  AboitizPower, through wholly owned subsidiary TMI 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 at Bgy. San Roque, Maco, in Compostella Valley, Mindanao, while PB 117 is a power barge with a 100 MW bunker-fired generating facility moored at Bgy. Sta. Ana, Nasipit, Agusan del Norte, Mindanao.

  AboitizPower acquired both power barges on July 31, 2009 via a successfully concluded negotiated bid with PSALM. The total purchase price for both barges is USD30 mn. TMI has Ancillary Services Procurement Agreements with the NGCP. In 2010, TMI signed bilateral contracts with various distribution utilities covering approximately 75 MW in contracted capacity. These contracts are awaiting Energy Regulatory Commission (ERC) approval.

- Completion of Greenfield power plant developments

  42.5 MW Hedcor Sibulan Hydro Power Plant Project. This is a Greenfield run-of-river hydro power plant located in Barangay Sibulan, Sta. Cruz, Davao del Sur by AboitizPower's 100% owned subsidiary Hedcor Sibulan. The facilities, which comprise two cascading hydropower generating facilities tapping the Sibulan and Baroring rivers, are expected to generate an estimated 212 mn kWh of clean and emissions-free energy annually. Plant B, which has a capacity of 26 MW, commenced its operations in May 2010, while Plant A, which has a capacity of 16.5 MW, was completed in July 2010.

  246 MW Cebu coal-fired Power Plant. 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, was completed in 2010.

Two units with a capacity of 82 MW each have started generating and feeding power into the Visayas Grid in February and May 2010. Construction of the last unit was completed in the fourth quarter of 2010. AboitizPower has an effective participation of 26% in the project.

Moving forward, AboitizPower's attributable capacity is seen to further increase as the following events take place:

- Rehabilitation of the Ambuklao-Binga hydro power facilities

  The Company, together with its partner SN Power, is pursuing the programmed rehabilitation of both the 75 MW Ambuklao and 100 MW Binga hydro facilities. Completion of the rehabilitation of the former has been delayed due to the construction of a new headrace tunnel (HRT). Difficulties were encountered in completing the plugging of the existing plant HRT due to the unexpectedly larger quantity of sediments (silt and clay) in the facility compounded by the effect of Typhoon Pepeng that hit the country in 2009. The plant's rehabilitation works are expected to be completed by the third quarter of 2011, when all three units are operating, instead of end-2010 as earlier estimated. After the rehabilitation, the Ambuklao plant will have a capacity of 105 MW of renewable energy that will significantly augment supply of electrical power to the Luzon Grid. Rehabilitation works on Binga will commence in 2011, 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.

- Completion of the rehabilitation of the Tiwi-Makban geothermal power facilities

  100%-owned APRI is currently undertaking the rehabilitation of several units of the Tiwi-Makban geothermal power plant complex. Once completed, generation capacity and plant availability are expected to improve. At present, the Tiwi-Makban geothermal power plants have a combined estimated generation capacity of 467 MW, which is based on the plants' peak generation in 2009. AboitizPower reckons that after completion of the rehabilitation works, generation capacity could increase to approximately 484 MW, which takes into account current steam supply and decline rates. Completion of works will be in stages, with Tiwi plants estimated to be finished by second quarter of 2011, while Makban plants by first quarter of 2012.

- Greenfield and Brownfield developments

  300 MW coal-fired Power Plant in Subic. After revisiting the power demand and supply situation in the Luzon Grid, 50%-owned Redondo Peninsula Energy, Inc. (RP Energy, Inc.) has decided to pursue its 300 MW coal-fired power plant project in the Subic Bay Freeport Zone (the Subic Coal Project). After re-evaluating the project, RP Energy is contemplating of increasing the planned generating capacity of the Subic Coal Project to 600 MW. The company is in talks with prospective turnkey contractors for the Engineering, Procurement and Construction contract for the project. Construction period is estimated at 36 months.

  300 MW coal-fired Power Plant in Davao. AboitizPower is planning to put up a 2x150MW coal-fired power plant in Davao, which is the biggest load center in the island of Mindanao. The Company is in the process of obtaining the necessary permits and government clearances. AboitizPower has already identified a location in Davao and has successfully negotiated a lease with an option to purchase. The Company has engaged engineering and environmental consultants that have initiated physical and environmental data collection. Once completed, together with all the necessary permits and approvals, construction is expected to be completed in 36 months.

150 MW Coal-fired Power Plant in Misamis Oriental. On June 28, 2010, AboitizPower and its partners in STEAG owner of the 232 MW coal plant located at the Phividec Industrial Estate in Villanueva, Misamis Oriental, firmed up their collective intention to develop a third unit of approximately 150 MW capacity adjacent to the existing facility. AboitizPower and its partners agreed to maintain their shareholdings in the same proportions in the new corporation to be established for the planned additional capacity. Certain essential facilities, such as the jetty, coal handling facilities and stockyards and the 138-kV interconnection with the Mindanao Grid are to be shared with the existing facilities. Depending on the interest the market demonstrates, the agreement contemplates the possibility of another unit.

13.6 MW Tudaya 1 and 2 Hydro Power Plant Project. Wholly owned subsidiary Hedcor Tudaya, Inc. (Hedcor Tudaya) will implement a greenfield project involving the construction of run-of-river power plants to be located in the upper and downstream sections of the existing Sibulan hydro power plant, tapping the same water resource, which are the Sibulan and Baroring rivers. The two plants will have a combined capacity of 13.6 MW. Hedcor Tudaya is currently working on obtaining the water permits and environmental clearances. Target groundbreaking is by third quarter of 2011. Construction is estimated to be completed in 20 months.

11.5 MW Hedcor Tamugan Hydro Power Plant Project. In 2010, wholly owned subsidiary, Hedcor Tamugan, Inc. (Hedcor Tamugan), has reached an agreement with the DCWD on the use of the Tamugan river. Originally planned as a 27.5 MW run-of-river facility, Hedcor Tamugan submitted a new proposal, which involves the construction of an 11.5 MW hydropower plant. Hedcor Tamugan is waiting for the City council to approve the project. Once approval and permits are secured, the two-year construction period will commence.

Other Greenfield and Brownfield developments. AboitizPower, together with its subsidiaries and associate company, is conducting feasibility studies for potential Greenfield and Brownfield projects.

- The SNAP Group is in the process of evaluating several hydropower plant projects. A Brownfield project is being evaluated for its Magat hydropower plant, which involves the construction of a pumped storage that could potentially increase its capacity by at least 90 MW. The SNAP Group is likewise evaluating several Greenfield hydropower plant projects that have at least 70 MW of potential capacity each.

- 100%-owned subsidiary Hedcor, Inc. (Hedcor) 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.

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

The Company continues to closely evaluate the investment viability of the remaining power generation assets that PSALM intends to auction off.

AboitizPower 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 IPP administrators.

Distribution Business

The Company remains optimistic that 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 wherein possible adjustments to the rate take into account current situations.

Cotabato Light & Power Company's (Cotabato Light) 4-year regulatory period commenced on April 1, 2009 and ends on March 30, 2013. The ERC issued its final determination on Cotabato Light's application for approval of its annual revenue requirement and performance incentive scheme under the PBR scheme covering the second year of the 4-year regulatory period. Last December 2010, Cotabato Light submitted for ERC approval its rate translation adjustments covering the third year of its regulatory period. Cotabato Light is the first distribution utility in the AboitizPower group to implement this incentive-based scheme.

VECO and Davao Light are part of the third group (Group C) of private distribution utilities to shift to PBR. Both VECO and Davao Light started to implement their PBR approved rate structures in August 2010. Both companies are now preparing to file with the ERC for their rate translation adjustments for the second year of its 4-year regulatory period.

San Fernando Electric Light & Power Co., Inc. (SFELAPCO) and Subic Enerzone Corporation (SEZ) are part of the fourth batch (Group D) of private distribution utilities to enter PBR. For SFELAPCO and SEZ, the regulatory reset process is on its final stages and ERC is scheduled to release before the end of March 2011 its draft determination on the applications for annual revenue requirements and performance incentive schemes for the regulatory period October 2011 to September 2015. The draft determination will be subjected to public consultations before ERC releases its final determination on June 2011. Thereafter, SFELAPCO and SEZ will be filing their respective rate design applications for the first regulatory year to be implemented from October 2011 to September 2012.

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.

Market and Industry Developments

Open Access and Retail Competition

Per Electric Power Industry Reform Act of 2001 (EPIRA), the conditions for the commencement of the Open Access and Retail Competition are as follows:

(a) Establishment of the WESM;
(b) Approval of unbundled transmission and distribution wheeling charges;
(c) Initial implementation of the cross subsidy removal scheme;
(d) Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and
(e) Transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP administrators.

As of date, the government was able to comply with the first four conditions for the implementation of Open Access and Retail Competition. Privatized NPC generating assets in Luzon and Visayas have reached approximately 92%. The only remaining condition that has to be met is the privatization of at least 70% of NPC's IPP contracts, which currently stands at approximately 68%.

Under the Open Access and Retail Competition, 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 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-Independent Power Producers 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

- Retail Electricity Suppliers (RES) duly licensed by the ERC

The implementation of the Open Access presents a big opportunity for AboitizPower, as it has two wholly owned subsidiaries (i.e. Aboitiz Energy Solutions, Inc. and AdventEnergy, Inc.) that are licensed retail suppliers, which can enter into contracts with the eligible contestable customers. Moreover, AboitizPower's generation assets that have uncontracted capacity will be able to have direct access to eligible contestable customers through AboitizPower's licensed RES.

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	13 MAY 2011
Corporate Secretary	**M. Jasmine S. Oporto**
Signature and Title	**Corporate Secretary**
Date	13 MAY 2011

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

Unaudited Consolidated Financial Statements
As of March 31, 2011 (with Comparative Audited Consolidated Figures as of December 31, 2010) and for the Three Months Ended March 31, 2011 and 2010

ABOITIZ POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

	March 31 2011	December 31 2010
ASSETS		
Current Assets		
Cash and cash equivalents	**₱23,289,362**	₱18,301,845
Trade and other receivables	**7,082,800**	6,805,791
Derivative asset	–	7,670
Inventories	**2,080,532**	1,845,587
Other current assets	**990,825**	959,353
Total Current Assets	**33,443,519**	27,920,246
Noncurrent Assets		
Property, plant and equipment	**74,273,773**	74,291,764
Intangible asset - service concession rights	**945,523**	936,996
Investment property	**10,000**	10,000
Investments in and advances to associates	**28,293,062**	28,779,370
Available-for-sale (AFS) investments	**3,744**	3,744
Goodwill	**996,005**	996,005
Pension assets	**172,142**	173,442
Deferred income tax assets	**212,193**	199,822
Other noncurrent assets	**1,226,601**	1,225,483
Total Noncurrent Assets	**106,133,043**	106,636,626
TOTAL ASSETS	**₱139,576,562**	₱134,556,872
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	**₱1,146,200**	₱1,979,800
Trade and other payables	**6,846,592**	6,953,830
Derivative liabilities	**11,231**	323
Income tax payable	**387,005**	179,648
Current portion of:		
Long-term debts	**546,586**	555,495
Finance lease obligation	**1,096,680**	1,102,080
Payable to preferred shareholder of a subsidiary	**4,225**	13,797
Long-term obligation on power distribution system	**40,000**	40,000
Total Current Liabilities	**10,078,519**	10,824,973
Noncurrent Liabilities		
Long-term debts - net of current portion	**15,828,718**	16,147,618
Finance lease obligation - net of current portion	**48,007,194**	47,203,036
Long-term obligation on power distribution system - net of current portion	**251,181**	242,559
Customers' deposits	**2,040,548**	2,004,384
Payable to preferred shareholder of a subsidiary - net of current portion	**45,790**	62,970
Pension liabilities	**16,548**	16,001
Deferred income tax liabilities	**446,764**	321,121
Total Noncurrent Liabilities	**66,636,743**	65,997,689
Total Liabilities	**76,715,262**	76,822,662
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	**39,330**	57,922
Share in unrealized valuation gain on AFS investments of an associate	**78,118**	78,118
Acquisition of non-controlling interests	**(259,147)**	(259,147)
Retained earnings	**42,611,647**	37,505,797
	62,417,446	57,330,188
Non-controlling Interests	**443,854**	404,022
Total Equity	**62,861,300**	57,734,210
TOTAL LIABILITIES AND EQUITY	**₱139,576,562**	₱134,556,872

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share Amounts)

	JAN-MAR/11	JAN-MAR/10
OPERATING REVENUES	**₱12,939,407**	₱16,600,552
OPERATING EXPENSES	**7,568,664**	8,483,827
FINANCIAL INCOME (EXPENSES)		
Interest income	**143,002**	11,838
Interest expense and other financing costs	**(1,716,141)**	(1,588,586)
	(1,573,139)	(1,576,748)
OTHER INCOME (EXPENSES)		
Share in net earnings of associates	**1,362,940**	591,175
Others - net	**308,075**	629,687
	1,671,015	1,220,862
INCOME BEFORE INCOME TAX	**5,468,619**	7,760,839
PROVISION FOR INCOME TAX	**322,259**	329,550
NET INCOME	**₱5,146,360**	₱7,431,289
Attributable to:		
Equity holders of the parent	**₱5,105,850**	₱7,429,112
Non-controlling interests	**40,510**	2,177
	₱5,146,360	₱7,431,289
EARNINGS PER COMMON SHARE		
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	**₱0.69**	₱1.01

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/11	JAN-MAR/10
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	**₱5,105,850**	₱7,429,112
Non-controlling interests	**40,510**	2,117
	5,146,360	7,431,289
OTHER COMPREHENSIVE INCOME (LOSS)		
Share in movement in cumulative translation adjustments of associates	**(18,592)**	(43,697)
Income tax effect on other comprehensive income	–	–
Total other comprehensive income, net of tax	**(18,592)**	(43,697)
TOTAL COMPREHENSIVE INCOME	**₱5,127,768**	₱7,387,592
Attributable to:		
Equity holders of the parent	**5,087,258**	7,385,415
Non-controlling interests	**40,510**	2,177
	₱5,127,768	₱7,387,592

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2011 AND DECEMBER 31, 2010, AND MARCH 31, 2010
(Amounts in Thousands, Except Dividends Per Share Amounts)

	Attributable to Equity Holders of the Parent							
	Capital Stock	Additional Paid-in-Capital	Share in Unrealized Gain on AFS of Associates	Share in Cumulative Translation Adjustments of Associates	Acquisition of Non-controlling Interests	Retained Earnings	Non-controlling Interests	Total
Balances at January 1, 2011	₱7,358,604	₱12,588,894	₱78,118	₱57,922	(₱259,147)	₱37,505,797	₱404,022	₱57,734,210
Share in cumulative translation adjustments of associates	–	–	–	(18,592)	–	–	–	(18,592)
Net income for the year	–	–	–	–	–	5,105,850	40,510	5,146,360
Total recognized income (loss) for the year	₱–	₱–	₱–	(₱18,592)	₱–	₱5,105,850	₱40,510	₱5,127,768
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	(687)	(687)
Change in non-controlling interests	–	–	–	–	–	–	9	9
Balances at March 31, 2011	**₱7,358,604**	**₱12,588,894**	**₱78,188**	**₱39,330**	**(₱259,147)**	**₱42,611,647**	**₱443,854**	**₱62,861,300**
Balances at January 1, 2010	₱7,358,604	₱12,588,894	₱–	₱115,246	(₱259,147)	₱14,672,262	₱571,068	₱35,046,927
Share in cumulative translation adjustments of associates	–	–	–	(57,324)	–	–	–	(57,324)
Share in unrealized gain on AFS of associates	–	–	78,118	–	–	–	–	78,118
Net income for the year	–	–	–	–	–	25,041,116	41,914	25,083,030
Total recognized income (loss) for the year	₱–	₱–	₱78,118	(₱57,324)	₱–	(₱25,041,116)	₱41,914	₱25,103,824
Cash dividends - P0.30 a share	–	–	–	–	–	(2,207,581)	–	(2,207,581)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	(94,240)	(94,240)
Change in non-controlling interests	–	–	–	–	–	–	(114,720)	(114,720)
Balances at December 31, 2010	₱7,358,604	₱12,588,894	₱78,118	₱57,922	(₱259,147)	₱37,505,797	₱404,022	₱57,734,210
Balances at January 1, 2010	₱7,358,604	₱12,588,894	₱–	₱115,246	(₱259,147)	₱14,672,262	₱571,068	₱35,046,927
Share in cumulative translation adjustments of associates	–	–	–	(43,697)	–	–	–	(43,697)
Net income for the year	–	–	–	–	–	7,429,112	2,177	7,431,289
Total recognized income (loss) for the year	₱–	₱–	₱–	(₱43,697)	₱–	₱7,429,112	₱2,177	₱7,387,592
Change in non-controlling 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

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

	JAN-MAR/11	JAN-MAR/10
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱5,468,619**	₱7,760,839
Adjustments for:		
Depreciation and amortization	**769,585**	686,131
Interest expense	**1,716,141**	1,588,586
Net unrealized foreign exchange gains	**(243,540)**	(752,274)
Unrealized fair valuation loss on derivatives	**18,578**	(11,904)
Gain on sale of property, plant and equipment	**(435)**	–
Interest income	**(143,002)**	(11,838)
Share in net earnings of associates	**(1,362,940)**	(591,175)
Operating income before working capital changes	**6,223,006**	8,668,365
Increase in operating assets	**(563,304)**	(6,324,950)
Increase in operating liabilities	**98,076**	1,692,638
Cash provided by operations	**5,757,778**	4,036,053
Income and final taxes paid	**7,980**	(271,620)
Net cash flows from operating activities	**5,765,758**	3,764,433
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	**2,056,057**	180,037
Interest received	**162,880**	15,152
Additions to property, plant and equipment	**(739,408)**	(1,963,080)
Additional investments in associates	**(64)**	(663,524)
Net collection of (additional) advances to associates	**(205,337)**	1,445
Additions to intangible assets	**(20,278)**	(22,392)
Decrease (increase) in other assets	**(8,871)**	12,767
Net cash flows from (used in) investing activities	**1,244,978**	(2,439,595)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payment of bank loans	**(833,600)**	(840,490)
Proceeds from (payment of) long-term debt	**(327,809)**	793,230
Changes in non-controlling interests	**(687)**	(207)
Payments of finance lease obligation	**(275,500)**	(281,700)
Payments to preferred shareholders of a subsidiary	**(46,559)**	(31,070)
Interest paid	**(525,460)**	(435,610)
Net cash flows used in financing activities	**(2,009,615)**	(795,847)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**5,001,121**	528,991
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(13,604)**	208,537
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**18,301,845**	3,814,906
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**₱23,289,362**	₱4,552,434

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/11	JAN-MAR/10
Share of other comprehensive income of associates	**(₱18,592)**	(₱43,697)
Income tax relating to components of other comprehensive income	**-**	-
Other comprehensive income for the period	**(₱18,592)**	(₱43,697)

B Tax Effects Relating to Each Component of Other Comprehensive Income

	JAN-MAR/11		
	Before-Tax Amount	**Tax (Expense) Benefit**	**Net-of-Tax Amount**
Share of other comprehensive income of associates	(₱18,592)		(₱18,592)
Other comprehensive income for the period	**(₱18,592)**	**-**	**(₱18,592)**

	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)

C Investments in and Advances to Associates

	% Ownership	**March 31, 2011**	December 31, 2010
Acquisition cost:			
Manila Oslo Renewable Enterprise, Inc.	**83.33**	**₱8,688,926**	₱8,688,926
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**	**217,551**	217,551
Hijos de F. Escano, Inc.	**46.73**	**858,070**	858,070
Visayan Electric Co., Inc.	**55.19**	**657,569**	657,505
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
Others		**27,836**	27,836
Forward			

	March 31, 2011	December 31, 2010
Balance at end of period	**₱19,149,016**	₱19,148,952
Accumulated equity in net earnings:		
Balance at beginning of the year	**7,645,004**	4,966,140
Share in net earnings	**1,362,940**	4,625,883
Effect of redemption of preferred shares by an associate		(353,662)
Cash dividends	**(2,056,057)**	(1,593,357)
Balance at end of period	**6,951,887**	7,645,004
	26,100,903	26,793,956
Share in net unrealized gains (losses) on available-for-sale securities & underwriting accounts of an associate	**78,118**	78,118
Share in cumulative translation adjustments of associates	**39,330**	57,922
Investments in associates at equity	**26,218,351**	26,929,996
Advances to associates - net	**2,074,711**	1,869,374
	₱28,293,062	₱28,799,370

D Trade and Other Payables

	March 31, 2011
Trade	**₱1,906,564**
DOSRI	–
Others	**4,939,971**
	₱6,846,535

E Bank Loans

	Interest Rate	Mar 31/11	Dec 31/10
Peso loans - financial institutions - unsecured	3.50% to 4.00% in 2011; 4.88% to 5.10% in 2010	**₱1,146,200**	₱1,979,800
		₱1,146,200	₱1,979,800

F Long-term Debts

	Interest Rate	**Mar 31/11**	Dec 31/10
Company			
Financial and non-financial institutions - unsecured			
Fixed rate notes	8.78%	**₱3,330,000**	₱3,330,000
Fixed rate notes	9.33%	**548,800**	548,800
Fixed rate notes	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%	**3,438,473**	3,570,000
HI			
Financial institution - secured	8.36%	**516,800**	549,100
CPPC			
Financial institutions - secured	5.56% - 6.08%	**586,666**	640,000
SEZC			
Financial institution - secured	8.26% - 10.02%	–	119,090
BEZC			
Financial institution - secured	7.50%	**70,000**	70,000
Total		**16,490,739**	16,826,990
Less deferred financing costs		**115,435**	123,877
		16,375,304	16,703,113
Less current portion		**546,586**	555,495
		₱15,828,718	₱16,147,618

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/11	JAN-MAR/10
a.	Net income attributable to equity holders of the parent	**₱5,105,850**	₱7,429,112
b.	Weighted average number of common shares issued and outstanding	**7,358,604,307**	7,358,604,307
c.	Earnings per common share (a/b)	**₱0.69**	₱1.01

There are no dilutive potential common shares as of March 31, 2011 and 2010.

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, 2011

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	**₱9,696,083**	**₱3,218,521**	**₱24,803**	**₱–**	**₱12,939,407**
Inter-segment	**228,518**	**–**	**88,815**	**(317,333)**	**–**
Total Revenue	**₱9,924,601**	**₱3,218,521**	**₱113,618**	**(₱317,333)**	**₱12,939,407**
Segment results	**₱4,922,562**	**₱437,820**	**₱10,361**	**₱–**	**₱5,370,743**
Unallocated corporate income - net	**261,086**	**93,346**	**(46,357)**	**–**	**308,075**
INCOME FROM OPERATIONS	**5,183,648**	**531,166**	**(35,996)**	**–**	**5,678,818**
Interest expense	**(1,434,913)**	**(19,618)**	**(261,610)**	**–**	**(1,716,141)**
Interest income	**44,622**	**4,184**	**94,196**	**–**	**143,002**
Share in net earnings of associates	**1,332,654**	**30,286**	**5,309,002**	**(5,309,002)**	**1,362,940**
Provision for (benefit from) income tax	**(186,260)**	**(140,788)**	**4,789**	**–**	**(322,259)**
NET INCOME	**₱4,939,751**	**₱405,230**	**₱5,110,381**	**(₱5,309,002)**	**₱5,146,360**
OTHER INFORMATION					
Investments in Associates	**₱23,856,012**	**₱2,245,702**	**₱46,865,509**	**(₱46,748,873)**	**₱26,218,351**
Segment Assets	**₱112,566,012**	**₱8,433,507**	**₱74,472,967**	**(₱55,895,938)**	**₱139,576,562**
Segment Liabilities	**₱70,750,558**	**₱4,691,047**	**₱12,177,347**	**(₱10,903,690)**	**₱76,715,262**
Depreciation and amortization	**₱677,164**	**₱87,839**	**₱4,582**	**₱–**	**₱769,585**

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 (expenses)	533,875	88,306	7,506	–	629,687
INCOME FROM OPERATIONS	8,554,898	172,577	18,937	–	8,746,412
Interest expense	(1,276,741)	(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 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

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. 2.44% of the Group's debt will mature in less than one year at March 31, 2011 (December 31, 2010: 2.49%). 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 and derivative asset. 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, 2011 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	**₱4,637,079**	**₱4,635,980**	₱849,201	₱3,786,779	₱–	₱–
Due to related parties	**156,999**	**156,999**	156,999	–	–	–
Customers' deposits	**2,040,548**	**2,040,548**	–	–	47,711	1,992,837
Bank loans	**1,146,200**	**1,146,200**	–	1,146,200	–	–
Payable to preferred shareholders of subsidiary	**50,015**	**124,280**	–	31,070	93,210	–
Finance lease obligation	**49,103,874**	**110,574,589**	–	1,096,680	17,823,792	91,654,117
Long-term obligation on power distribution system	**291,181**	**680,000**	–	40,000	200,000	440,000
Long-term debts	**16,375,304**	**16,490,740**	–	546,586	13,589,958	2,354,196
Derivative liabilities	**11,231**	**11,231**	–	11,231	–	–
Total	**₱73,812,431**	**₱135,860,567**	₱1,006,200	₱6,658,546	₱31,754,671	₱96,441,150

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, 2011, 4% of the Group's long term debt had floating interest rates ranging from 5.56% to 6.08%, and 96% are with fixed rates ranging from 7.50% to 9.33%. As of December 31, 2010, 4.00% of the Group's long term debt had floating rates ranging from 6.68% to 6.71%, and 96% have fixed rates ranging from 7.50% to 9.33%.

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, 2011

	<1 year	1-5 years	>5 years	**Total**
Floating rate - long-term debt	₱213,333	₱370,742	₱–	₱584,075
Fixed rate - long-term debt	333,253	13,123,900	2,334,076	15,791,229
Floating rate - payable to preferred shareholders of subsidiaries	4,225	45,790	–	50,015
	₱550,811	₱13,540,432	₱2,334,076	₱16,425,319

As of December 31, 2010

	<1 year	1-5 years	>5 years	**Total**
Floating rate - long-term debt	₱213,333	₱423,100	₱–	₱636,433
Fixed rate - long-term debt	342,162	13,173,032	2,551,486	16,066,680
Floating rate - payable to preferred shareholders of subsidiaries	13,797	62,970	–	76,767
	₱569,292	₱13,659,102	₱2,551,486	₱16,779,880

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 2011	100	(₱5,841)
	(50)	2,920
December 2010	100	(6,364)
	(50)	3,182

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/11	JAN-MAR/10
Bank loans and long-term debt	**₱366,951**	₱323,392
Customers' deposits	**953**	1,485
Finance lease obligation	**1,331,402**	1,249,880
Long-term obligation on power distribution system	**8,622**	8,775
Payable to preferred shareholder of subsidiary	**4,318**	4,952
Advances from related parties	**3,895**	102
	₱1,716,141	₱1,588,586

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, 2011 and December 31, 2010, foreign currency denominated borrowings account for 37% and 37%, respectively, of total consolidated borrowings.

Presented below are the Group's foreign currency denominated financial assets and liabilities as of March 31, 2011 and December 31, 2010, translated to Philippine Peso.

	March 31, 2011		December 31, 2010	
	US Dollar	Philippine Peso equivalent[1]	US Dollar	Philippine Peso equivalent[1]
Loans and receivables				
Cash	**US$7,015**	**₱304.375**	**US$8,019**	**₱351,553**
Trade and other receivables	–	–	**963**	**42,218**
Advances to associates	**13,402**	**581,513**	**13,402**	**587,544**
Restricted cash				
Total financial assets	**20,417**	**885,888**	**22,384**	**981,315**
Other financial liabilities				
Bank loans				
Trade and other payables	**5,682**	**246,542**	**5,682**	**249,099**
Finance lease obligation	**562,540**	**24,408,615**	**563,388**	**24,698,930**
Total financial liabilities	**568,222**	**24,655,157**	**569,070**	**24,948,029**
Net foreign currency denominated assets	**(US$547,805)**	**(₱23,769,269)**	**(US$546,686)**	**(₱23,966,714)**

[1]*$1 = ₱43.3900 ending Mar 31, 2011*
$1 = ₱43.8400 ending Dec 31 2010

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, 2011.

	Increase/ (decrease) in US Dollar	Effect on income before tax
March 31, 2011		
US dollar denominated accounts	**US Dollar strengthens by 5%**	**(₱1,188,463)**
US dollar denominated accounts	**US Dollar weakens by 5%**	**1,188,463**

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, 2011 and December 31, 2010 is summarized in the following table:

	March 31, 2011	December 31, 2010
Power distribution		
Residential	**₱211,014**	₱308,887
Commercial	**114,567**	164,468
Industrial	**489,588**	420,154
City street lighting	**4,102**	8,619
Power generation		
Spot market	**824,325**	1,702,790
Power supply contracts	**4,601,257**	3,669,286
	₱6,244,853	₱6,274,204

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, 2011 and December 31, 2010.

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, 2011 and December 31, 2010 are as follows:

	March 31, 2011	December 31, 2010
Bank loans	**₱1,146,200**	₱1,979,800
Long-term debt	**65,529,193**	65,084,996
Cash and cash equivalents	**(23,289,362)**	(18,301,845)
Net debt (a)	**43,386,031**	48,762,951
Equity	**62,861,300**	57,734,210
Equity and net debt (b)	**₱106,247,331**	₱106,497,161
Gearing ratio (a/b)	**40.83%**	45.79%

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, 2011		December 31, 2010	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
FINANCIAL ASSETS				
Cash and cash equivalents	**₱23,289,362**	**₱23,289,362**	₱18,301,845	₱18,301,845
Trade and other receivables	**7,082,800**	**7,082,800**	6,805,791	6,805,791
	30,372,162	**30,372,162**	25,107,636	25,107,636
Financial Assets at FVPL				
Derivative asset	–	–	7,670	7,670
AFS Financial Assets	**3,744**	**3,744**	3,744	3,744
	₱30,375,906	**₱30,375,906**	₱25,119,050	₱25,119,050
FINANCIAL LIABILITIES				
Other Financial Liabilities				
Bank loans	**₱1,146,200**	**₱1,146,200**	**₱1,979,800**	**₱1,979,800**
Trade and other payables				
Trade payables	**1,906,564**	**1,906,564**	**2,063,082**	**2,063,082**
Accrued expenses	**599,430**	**599,430**	**706,692**	**706,692**
Due to related parties	**156,999**	**156,999**	**129,999**	**129,999**
Other payables	**2,131,085**	**2,131,085**	**1,978,260**	**1,978,260**
Long-term debt				
Floating - long-term debt	**584,075**	**584,075**	**636,433**	**636,433**
Fixed rate - long-term debt	**15,791,229**	**16,476,296**	**16,066,680**	**17,953,303**
Floating rate - payable to preferred shareholder of a subsidiary	**50,015**	**50,015**	**76,767**	**76,767**
Fixed rate - finance lease obligation	**49,103,874**	**59,066,806**	**48,305,116**	**58,268,048**
	71,469,471	**82,117,470**	**71,942,829**	**83,792,384**
Customers' deposits	**2,040,548**	**2,040,548**	**2,004,384**	**2,004,384**
Long-term obligation on power distribution system	**291,181**	**421,679**	**282,559**	**413,057**
	73,801,200	**84,579,697**	**74,229,772**	**86,209,825**
Financial Liability at FVPL				
Derivative liabilities	11,231	11,231	323	323
	₱73,812,431	**₱84,590,928**	**₱74,230,095**	**₱86,210,148**

Fair Value of Financial Instruments

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.

Fair Value Hierarchy
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 consolidated financial statements are consistent with those of the previous financial year except for the amended PFRS and Philippine Interpretations which the Group has adopted starting January 1, 2011. Adoption of the following amended and revised PFRS and Philippine Interpretations and improvements to PFRS did not have any significant impact to the Group's consolidated financial statements:

- *PAS 24 (Amended), Related Party Disclosures*
  The amended standard is effective for annual periods beginning on or after January 1, 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities.

- *PAS 32, Financial Instruments: Presentation (Amendment) - Classification of Rights Issues*
  The amendment to PAS 32 is effective for annual periods beginning on or after February 1, 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.

- *PFRS 7, Financial Instruments: Disclosures (Amendments) - Disclosures - Transfers of Financial Assets*
  The amendments to PFRS 7 are effective for annual periods beginning on or after July 1, 2010. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period.

- *Philippine Interpretation IFRIC 14 (Amendment) - Prepayments of a Minimum Funding Requirement*
  The amendment to Philippine Interpretation IFRIC 14 is effective for annual periods beginning on or after January 1, 2011, with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset.

- *Philippine Interpretation IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments*
  Philippine Interpretation IFRIC 19 is effective for annual periods beginning on or after July 1, 2010. The Interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in the consolidated statement of income.

2. <u>Seasonality of Interim Operations</u>

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 companies Hedcor Inc., Hedcor Sibulan, Inc. 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. <u>Material Events and Changes</u>

a) Aboitiz Renewables, Inc. (ARI) increased ownership in LHC

On March 31, 2011, ARI, a wholly owned subsidiary, signed a Memorandum of Agreement (MOA) with Pacific Hydro Bakun, Inc (PHBI) and LHC to give ARI 100% ownership over LHC. ARI will assume full ownership and control of LHC upon fulfillment of certain conditions in the MOA. The total transaction value is approximately US$30 million.

On May 10, 2011, all the conditions in the MOA were fulfilled. As a result, ARI assumed full ownership and control of LHC.

b) Dividend declaration

On March 3, 2011, the BOD approved the declaration of cash dividends of ₱1.32 a share (₱9.71 billion) to all stockholders of record as of March 17, 2011. The cash dividends are payable on April 5, 2011.

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 CORPORATION AND SUBSIDIARIES

1) AGING OF RECEIVABLES
AS OF : MAR 31/2011

	30 Days	60 Days	90 Days	Over 90 Days	Total
A/R - Trade:					
Power Distribution Customers	562,880	138,199	20,239	85,436	806,754
Power Generation Customers	3,037,722	248,160	229,062	1,910,638	5,425,582
Management & Other Services Customers	4,040	3,061	3,827	1,589	12,517
Sub-total - A/R - Trade	**3,604,642**	**389,420**	**253,128**	**1,997,663**	**6,244,853**
Less : Allowance for Doubful Accounts					**454,654**
Net Trade Receivables					**5,790,199**
A/R - Non Trade	**1,032,467**	**138,691**	**7,667**	**113,776**	**1,292,601**
Grand Total	**4,637,109**	**528,111**	**260,795**	**2,111,439**	**7,082,800**

2) ACCOUNTS RECEIVABLE DESCRIPTION

Type of Receivable	Nature / Description	Collection 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

3) NORMAL OPERATING CYCLE

Power Subsidiaries
Distribution - 60 days
Generation - 65 days