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. M. JASMINE S. OPORTO

Contact Person

032-411-1804

Company Telephone Number

Fiscal Year	FORM TYPE	Annual Meeting
12 31 (*Month* *Day*)	**1st Quarterly Report** **17-Q**	3rd Monday of May **05 16** (*Month* *Day*)

Secondary License Type, if Applicable

SEC

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

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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, 2012

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	73,167,947

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 Aboitiz Power Corporation's (AP, AboitizPower or the Company) 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 AboitizPower 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 the investee at the date of acquisition. Share in Net Earnings of Associates indicates profitability of the investment and investees' contribution to the group's net income.

   Manner of Computation: Associate'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 first three months of 2012 and 2011, and as of December 31, 2011:

Amounts in thousands except for financial ratios

	March 31, 2012	March 31, 2011	Dec. 31, 2011
SHARE IN NET EARNINGS OF ASSOCIATES	**2,010,910**	**1,362,940**	
EBITDA	**7,976,509**	**7,602,957**	
CASH FLOW GENERATED:			
Net cash flows from operating activities	**6,216,582**	**5,765,758**	
Net cash flows from investing activities	**393,448**	**1,244,978**	
Net cash flows used in financing activities	**(1,371,119)**	**(2,009,615)**	
Net increase in cash & cash equivalents	**5,238,911**	**5,001,121**	
Cash & cash equivalents, beginning	**23,391,561**	**18,301,845**	
Cash & cash equivalents, end	**28,573,797**	**23,289,362**	
CURRENT RATIO	**4.09**		3.46
DEBT-TO-EQUITY RATIO	**1.10**		1.19

The Company's Share in net earnings of associates for the first quarter of the year increased by 48% compared to the same period last year. The contributions coming from the following associates accounted for the increase:

- Higher contributions of SN Aboitiz Power-Magat, Inc. (SNAP-Magat) as a result of its continued enjoyment of the higher acceptance of its nominated capacities which translated to increase revenues generated from its ancillary contracts with the National Grid Corporation of the Philippines (NGCP).

- Cebu Energy Development Corporation (CEDC) provided higher contributions in the first quarter of 2012 compared to that of 2011. In 2011, a significant portion of its revenues was billed under pre-commercial operating discounted tariffs compared to contracted tariffs upon commercial operations which was in effect in the first quarter of 2012.

- Visayan Electric Company, Inc. (VECO) posted higher earnings contribution from higher margins as a result of the continued implementation of its approved distribution tariff under the

Performance Based Regulation (PBR) scheme. A stronger demand also led to higher electricity sales in VECO's franchise area.

Current ratio improved from 3.46x to 4.09x. The 22% increase in cash and cash equivalents coupled by only a slight decrease in current liabilities led to the improvement in current assets by 13%.

Debt to equity ratio also improved from 1.19 as of December 2011 to 1.10 as of March 31, 2012. The recognition of the current period's net income increased equity, while liabilities remained almost flat compared to December 2011 balances.

Results of Operations

Consolidated net income for the first three months of 2012 was ₱5.60 billion (bn) up by 10% compared to the same period last year. This translates to an earnings per share of ₱0.76 for the period in review.

The Group reported a core net income of ₱5.1 bn for the first quarter of 2012, 9% higher year-on-year (YoY) after recording the following non-recurring items: 1) revaluation of consolidated dollar loans and placements which resulted to a ₱503 million (mn) non-recurring gain; and 2) realized gain of ₱14 mn as a result of the redemption of preferred shares by certain associate companies.

Power Generation

The generation group's contribution for the first quarter of 2012 grew by 3%, contributing ₱5.08 bn to the Company's bottom line.

The higher income contribution of the generation group was driven by both price and sales volume factors. The group managed to sell at favorable prices mainly on its sales to the Wholesale Electricity Spot Market (WESM). WESM prices increased due to the combined effects of shortfall in supply as higher plant outages in Luzon was experienced in the first quarter of the year, coupled with higher demand for electricity due to much warmer temperatures. These led to the 5% favorable variance on the group's average selling price for its power.

Net generation for the quarter grew by 13% YoY, from 2,168 GWh to 2,452 GWh, as the group managed to increase sales through its bilateral contracts by 22%. On a capacity basis, the Company's attributable sales increased by 14% YoY, from 1,302 MW to 1,483 MW. This was on the back of rising capacity sales through bilateral contracts and improved levels of ancillary services.

Power Distribution

The income contribution of the distribution group grew by 61% for the first quarter of 2012, from ₱454 mn to ₱733 mn. Attributable electricity sales grew by 7% YoY from 889 Gwh to 950 Gwh as all customer segments in the distribution group's franchise areas exhibited robust demand.

Gross margins for the group increased as the distribution utilities' approved rates under the PBR scheme were implemented. Subic Enerzone Corporation (SEZ) and San Fernando Electric Light & Power Co., Inc. (SFELAPCO) were the last batch distribution utilities of the Company to shift to PBR. SEZ and SFELAPCO entered their respective 4-year regulatory period in October 2011. The implementation of the approved tariffs of SEZ and SFELAPCO took effect in January 2012 and March 2012, respectively.

Changes in Line Items of Registrant's Statements of Income and Comprehensive Income

Consolidated Statements of Income
(January – March 2012 vs. January – March 2011)

Consolidated net income attributable to equity holders of the parent increased by 10% from ₱5.11 bn for the first three months of 2011 to ₱5.60 bn for the same period in 2012. The various movements in the revenue and expense items are shown below to account for the decrease:

Consolidated net income attributable to equity holders of the parent (January – March 2011)	5,105,850
Increase in operating revenues	2,157,811
Increase in operating expenses	(2,531,248)
Increase in share in net earnings of associates	647,970
Increase in interest income	28,154
Increase in interest expense	(115,395)
Increase in other income	383,720
Higher provision for taxes	(9,509)
Increase in income attributable to non-controlling interests	(67,520)
Total	493,983
Consolidated net income attributable to equity holders of the parent (January – March 2012)	**5,599,833**

<u>Operating Revenues</u>
(17% increase from ₱12.94 bn to ₱15.10 bn)

Consolidated operating revenues from the generation group increased by 15% as a result of higher average selling prices notably on WESM sales, as well as higher electricity sales. The distribution group's consolidated operating revenues also increased by 20% due to higher margins from approved tariff adjustments due to PBR, as well as growth in electricity sold.

APRI's revenues increased due to higher selling prices by 13%, as well as a 2% increase in sales volume. The combined increase resulted to a ₱551 mn improvement in Operating Revenues.

LHC's Operating Revenues are consolidated this reporting period which added to a ₱300 mn increase in the consolidated operating revenues account of the Company.

TLI also managed to increase its revenues by ₱644 mn owing to higher volumes of electricity sold which was up by 21%.

The primary contributor of the distribution segment's growth in consolidated operating revenues was Davao Light & Power Company, Inc.'s. (Davao Light). Davao Light's revenues were higher by ₱419 mn compared to same period last year. Higher gross margins combined with the growth in electricity sales of 9% led to the marked increase in Davao Light's operating revenues.

Operating Expenses
(33% increase from ₱7.57 bn to ₱10.01 bn)

The ₱2.53 bn increase in consolidated operating expenses was the result of the higher cost to operate at the following companies:

- Higher fuel costs of Therma Marine, Inc. (TMI) and AP Renewables, Inc. (APRI);
- Slight increase in Davao Light's cost of purchased power; and
- Slight increase in Therma Luzon Inc.'s (TLI) fuel costs coupled with a relatively large increase in operating expenses due to higher costs of purchased power compared to last year.

Share in Net Earnings of Associates
(48% increase from ₱1.36 bn to ₱2.01 bn)

The notable increase in the share in net earnings of associates was primarily due to the income contribution of SNAP - Magat of ₱1.27 bn, up by 73%, compared to the same period last year. The increase in SNAP - Magat's contribution of ₱535 mn was the result of higher ancillary service revenues. Higher income contributions from CEDC's full commercial operations in 2012, as well as VECO's higher contributions due to the spike in its margins and electricity sales rounded off the growth in equity earnings of associates.

Interest Income
(20% increase from ₱143 mn to ₱171 mn)

Average cash balances held by the Company and its subsidiaries were higher in the first three months of 2012 compared to same period in 2011.

Interest Expense
(7% increase from ₱1.72 bn to ₱1.83 bn)

The increase in interest expense is largely due to higher accreted interest on the finance lease obligation of TLI. In addition, interest expense of the newly consolidated subsidiary Luzon Hydro Corporation (LHC) was recognized during the quarter in review.

Other Income (Expenses)
(125% increase from ₱308 mn to ₱692 mn)

The increase in other income is mainly due to higher foreign exchange (FX) gains from the restatement of the dollar-denominated debt of TLI. TLI recorded an FX gain this year of ₱445 mn versus ₱122 mn of prior year.

Net Income Attributable to Non-controlling Interests

The 167% increase in net income attributable to minority interests was mainly due to the increase in Abovant Holdings, Inc.'s recognized portion from CEDC's contributions, and Cebu Private Power Corporation's (CPPC) net income, 40% of which belongs to minority shareholders.

Consolidated Statements of Comprehensive Income
(January – March 2012 vs. January – March 2011)

Consolidated comprehensive income attributable to equity holders of the parent increased by 9% YoY, from ₱5.09 bn to ₱5.52 bn. This was mainly due to the increase in the consolidated net income for the period under review.

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

Assets
(March 31, 2012 vs. December 31, 2011)

Total assets as of March 31, 2012 increased by 4% or ₱5.91 bn versus total assets as of December 31, 2011. The major changes in this balance sheet account are discussed below:

a) Cash and cash equivalents increased by 22% (from ₱23.39 bn in December 2011 to ₱28.57 bn in March 2012). The increase in cash is mainly due to the unused proceeds from the issuance of corporate fixed rate notes amounting to ₱5.0 bn in 2011. Cash balances of TLI and APRI had also increased due to cash flows from operations.
b) Trade and other receivables decreased by 8% (from ₱9.51 bn in December 2011 to ₱8.76 bn in March 2012). The decrease was mainly due to the receipt of the dividend payments during the quarter in review in the amount of ₱2.50 bn which were recognized as dividends receivables at year end 2011. Slightly offsetting this decrease was the increase in Trade Receivables of TLI, TMI and APRI.
c) The 17% (₱362 mn) decrease in inventories is due to lower inventory balances held at TLI.
d) Other current assets increased by 60% (from ₱1.1 bn in December 2011 to ₱1.77 bn in March, 2012) mainly due to build-up of input VAT by power generation subsidiaries during the period in review.
e) The investment and advances account increased due to the recognition of the equity earnings in associates during the period.
f) Deferred income tax assets increased by 41% or ₱93 mn due to the effect of the various provisions made by TLI and APRI.

Liabilities
(March 31, 2012 vs. December 31, 2011)

Consolidated liabilities hardly moved from December 2011 balances of ₱83.34 bn to March 31, 2012 balances of ₱83.62 bn. The various significant movements in the accounts making up total liabilities are shown below.

a) Income tax payable increased by 177% (from ₱143 mn in December 2011 to ₱396 mn in March 2012) mainly due to the higher current tax provision of the Group arising from higher earnings.

b) Bank loans decreased by 25% (from ₱1.61 bn in December 2011 to ₱1.21 bn in March 2012) as a result of the payments made by Davao Light on the short term loan that was taken out to meet its short term working capital requirements.

c) Payable to preferred shareholders of a subsidiary inclusive of current portion decreased by ₱16 mn as payments to preferred shareholders were made in the first quarter of the year.

d) Long term debt decreased by ₱220 mn as timely payments were made by Hedcor Sibulan, Inc., CPPC and Hedcor, Inc. on its long term obligations.

e) Total Finance lease obligations at TLI increased by 1% or ₱608 mn as currently accreted interest expenses on the finance lease obligation exceeds the amount of monthly payments made to Power Sector Assets and Liabilities Management Corporation (PSALM).

f) Deferred income tax liability increased due to TLI's recognition of its corresponding income tax provision on the unrealized FX gains on TLI's dollar obligations to PSALM beyond the income tax holiday period.

Equity
(March 31, 2012 vs. December 31, 2011)

Equity attributable to equity holders of the parent increased from ₱68.56 bn as of December 31, 2011 to ₱74.08 bn as March 31, 2012, as income for the current period is recognized.

Material Changes in Liquidity and Cash Reserves of Registrant
(January –March 2012 vs. January – March 2011)

Cash and cash equivalents grew by 23% from ₱23.29 bn as of March 31, 2011 to ₱28.57 bn as of March 31, 2012.

The cash generated from the Group's operations continued to be the largest source of cash inflow for the period in review. Operations contributed ₱6.22 bn in cash inflows, or an increase of 8% compared to cash inflow from operations during the comparable period of ₱5.77 bn. Strong earnings for the period led to the increase in the cash flows.

Cash flows from investing activities were lower this period by 68% or ₱852 mn due to lower dividends recognized during the period.

Cash used in financing activities during the first three months of 2012 amounted to ₱1.37 bn. This is 32% lower than cash used in financing activities for the same period last year of ₱2.01 bn. The decrease is due to lower payments made for loans and long term debt and lower interest expense paid during the period.

The above activities resulted to an upward change in cash of ₱5.28 bn.

Financial Ratios

Current ratio improved from 3.46x to 4.09x due to the significant upsurge in current assets coupled with a decrease in current liabilities compared to 2011 yearend levels. The growth in the cash and cash equivalents account mainly for the increase in current assets.

Debt to equity ratio also improved from 1.19 as of December 2011, to 1.10 as of March 31, 2012. This is mainly due to the buildup of equity as the Company recognized its income for the period versus total liabilities which remained flat versus that of December 2011 balances.

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 2012. 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:

<u>Power</u>

Generation Business

1. Continued growth in the Company's attributable capacity
AboitizPower ended 2011 with a 15% YoY expansion in its total attributable generating capacity, from 2,051 MW to 2,350 MW. The capacity growth was mainly due to the following:

- Assumption of full ownership and control of LHC

  In May 2011, AboitizPower's 100% owned Aboitiz Renewables, Inc. (ARI) assumed full ownership and control of LHC after meeting all conditions set out in a Memorandum of Agreement with Pacific Hydro Bakun, Inc. (PHBI). PHBI, a wholly owned subsidiary of Pacific Pty Ltd of Australia is the joint venture partner of ARI in LHC, which owns and operates the 70 MW Bakun run-of-river hydropower plant in Ilocos Sur. As a result of having full control and ownership in LHC, an additional 35 MW of attributable capacity was added to AboitizPower's portfolio of generation assets.

- Acquisition of the 242 MW Navotas Power Barges

  In May 2011, Therma Mobile, Inc., a wholly owned subsidiary of AboitizPower, acquired four barge-mounted floating power plants including their respective operating facilities from Duracom Mobile Power Corporation and East Asia Diesel Power Corporation. Upon turnover, rehabilitation works commenced with completion by the fourth quarter of 2011 for 123 MW and the balance estimated within 2012.

- Completion of the rehabilitation project of the Ambuklao Hydro Power Facility

  In September 2011, SN Aboitiz Power-Benguet, Inc. (SNAP-Benguet) was awarded by the Energy Regulatory Commission (ERC), a Certificate of Compliance (COC) for the operation of the Ambuklao hydropower plant. The COC, which was approved on August 31, 2011, shall be effective for a period of five years. Upon the turnover of the facility by PSALM to SNAP-Benguet in 2008, rehabilitation works were implemented on the Ambuklao hydrowpower facility. Its completion resulted to the increase in generation capacity, from 75 MW to 105 MW. AboitizPower has an effective stake of 50% in this facility.

- Partial completion of the rehabilitation of the Binga Hydro Power Plant

  Rehabilitation works on one of the units in the Binga hydropower facility was completed in the fourth quarter of 2011. As a result, total capacity of the Binga hydropower plant increased by 5 MW, from 100 MW to 105 MW. AboitizPower has an effective stake of 50% in this facility.

- Completion of the 4-MW Irisan Hydro Power Greenfield project

  AboitizPower's wholly owned subsidiary Hedcor, Inc. (Hedcor) completed the construction of the 4-MW Irisan hydropower plant in Tuba, Benguet. The plant was commissioned in September 2011.

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

- Completion of the rehabilitation of the Binga Hydro Power Plant

  In 2011, AboitizPower, together with its partner SN Power Invest AS (SN Power), commenced the programmed rehabilitation of the 100 MW Binga hydropower plant, which is consisted of four units with a capacity of 25 MW each. To date, the program involves the rehabilitation of three units, given the completion of the works done on the first unit in December 2011. Works on the second unit have commenced and are expected to be completed in June 2012. Rehabilitation of the remaining two units will commence thereafter. Full completion will result to Binga's total capacity reaching 120 MW, from the current 105 MW. AboitizPower has an effective stake of 50% in this facility.

- Completion of the rehabilitation of the Tiwi-Makban Geothermal Power Facilities

  100%-owned AP Renewables, Inc. (APRI) is currently undertaking the rehabilitation of several units of the Tiwi-Makban geothermal power plant complex. Works on the Tiwi facilities are targeted for completion by the third quarter of 2012, while those for Makban are seen to be finished by first quarter of 2013. Enhancements in the plants' availability rate are expected following the completion of the refurbishment, rehabilitation and resource improvements.

- Greenfield and Brownfield developments

  <u>600 MW Coal-fired Power Plant in Subic.</u> This is a project by Redondo Peninsula Energy, Inc. (RP Energy), a joint venture company formed by AboitizPower's wholly owned subsidiary Therma Power, Inc. (TPI) and Taiwan Cogeneration International Corporation (TCIC). In June 2011, Meralco's wholly owned subsidiary, Meralco PowerGen Corporation (MPGC), announced its decision to acquire an ownership interest in the project. On July 22, 2011, MPGC, TPI and TCIC signed a shareholder agreement under which MPGC took a controlling interest in RP Energy, with TPI and TCIC owning the remaining stake equally. The project involves the construction and operation of a 2x300 MW circulating-fluidized-bed coal-fired power plant in the Subic Bay Freeport Zone. In January 2012, RP Energy submitted to the Department of Environment and Natural Resources (DENR) an application to amend the existing Environmental Compliance Certificate (ECC) to cover two high-efficiency 300-MW units with main steam reheat systems. Site preparation and the finalization of the EPC contract are anticipated to take place in the second quarter of 2012. Completion of the first unit is targeted by the second half of 2015, with the second unit to follow 6 months thereafter.

300 MW Coal-fired Power Plant in Davao. AboitizPower, through 100%-owned subsidiary Therma South, Inc. (TSI), is planning to put up a 2x150 MW coal-fired power plant in Davao, which is the biggest load center in the island of Mindanao. TSI acquired the project site in August 2011. The DENR issued the ECC for the project on September 9, 2011. The company is currently in the process of obtaining all necessary permits and government clearances in addition to the ECC. Once done, construction will commence immediately. The first generating unit (150 MW) is expected to be completed 34 months after, with the second unit (150 MW) to follow in 3 months.

400 MW Coal-fired Power Plant in Pagbilao, Quezon. On September 27, 2011, AboitizPower signed a Memorandum of Understanding with Marubeni Corporation (Marubeni) to formalize their intention to jointly develop, construct and operate a coal-fired power plant with a capacity of approximately 400 MW. The proposed location will be within the premises of the existing 700 MW Pagbilao Unit I and II Coal Fired Thermal Power Plant in Quezon. The terms and conditions of the joint investment will be finalized in a definitive agreement to be agreed upon by the parties. Marubeni is part-owner of Team Energy Corporation, which owns and operates the Pagbilao Power Plant under a build-operate-transfer contract with the National Power Corporation. On the other hand, AboitizPower, through wholly owned subsidiary TLI, is the Independent Power Producer Administrator of the Pagbilao Power Plant under the IPP Administration Agreement with PSALM.

150 MW Coal-fired Power Plant in Misamis Oriental. On June 28, 2010, AboitizPower and its partners in STEAG State Power, Inc., 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 putting up another unit.

16 MW Tudaya 1 and 2 Hydro Power Plant Project. AboitizPower's 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 plants, tapping the same water resource, which are the Sibulan and Baroring rivers. The two plants will have a combined capacity of 16 MW. The project has been issued its ECC and endorsed by the local communities. Hedcor Tudaya is currently working on obtaining the water permits and awaiting finalization of its RE contract. Target groundbreaking is by March 2012. Construction is estimated to be completed in 22 months.

13 MW Sabangan Hydro Power Plant Project. This involves the construction and operation of a hydropower plant facility in Mt. Province, a province located in the island of Luzon. This project will be undertaken by a wholly owned subsidiary of AboitizPower, Hedcor Sabangan, Inc. The project was already granted an ECC by the DENR. Engineering and design are underway. Groundbreaking is targeted in the fourth quarter of 2012, with completion expected after a 2-year construction period.

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 Davao City Water District (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 SN Aboitiz Power Group (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 facility 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.

- 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 plants with capacities ranging from 5 MW to 50 MW. When the projects pass the evaluation stage and once permits are secured, the two-year construction period for the hydropower plant facilities will commence.

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

AboitizPower 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 Independent Power Producer (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

AboitizPower 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 company is currently in its 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 that shifted to PBR, which implemented their approved rate structures in August 2010. Both companies implemented their approved rates for the second year of its regulatory period in August 2011.

SFELAPCO and SEZ are part of the fourth batch (Group D) of private distribution utilities to enter PBR. In July 2011, the ERC released the final determination on the applications for annual revenue requirements and performance incentive schemes for the regulatory period October 2011 to September 2015. SEZ implemented its approved rate structure in January 2012. SFELAPCO, on the other hand, is awaiting final decision on its rate design and is targeting implementation by March 2012. All under-recoveries since October 2011 are allowed to be recouped in the next regulatory year.

Market and Industry Developments

Open Access and Retail Competition

Per 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
(d) 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.

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 and Retail Competition 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.

In June 2011, the ERC declared December 26, 2011 as the Open Access Date to mark the commencement of the full operations of the competitive retail electricity market in Luzon and

Visayas. However, after careful deliberation, the ERC acknowledged that not all the necessary rules, systems and infrastructures required for the implementation of the Open Access and Retail Competition have been put in place to meet the contemplated timetable for implementation. In October 2011, the ERC announced the deferment of the Open Access Date. A definitive timeline leading to the eventual implementation will be issued by the ERC after consultation with all the stakeholders.

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	15 MAY 2012
Corporate Secretary	**M. Jasmine S. Oporto**
Signature and Title	**Corporate Secretary**
Date	15 MAY 2012

ABOITIZ POWER CORPORATION
AND SUBSIDIARIES

Unaudited Consolidated Financial Statements
As of March 31, 2012 (with Comparative Audited Consolidated
Figures as of December 31, 2011) and for the Three Months Ended
March 31, 2012 and 2011

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts in Thousands)

	(Unaudited) March 31 2012	(Audited) December 31 2011
ASSETS		
Current Assets		
Cash and cash equivalents	**₱28,573,797**	₱23,391,561
Trade and other receivables	**8,760,912**	9,505,778
Inventories	**1,812,085**	2,173,617
Other current assets	**1,772,873**	1,107,039
Total Current Assets	**40,919,667**	36,177,995
Noncurrent Assets		
Property, plant and equipment	**78,770,300**	78,708,118
Intangible asset - service concession rights	**4,101,268**	4,162,768
Investment property	**10,000**	10,000
Investments in and advances to associates	**30,159,516**	29,121,693
Available-for-sale (AFS) investments	**3,744**	3,744
Goodwill	**996,005**	996,005
Pension assets	**147,694**	168,299
Deferred income tax assets	**319,449**	226,872
Other noncurrent assets	**4,014,839**	3,952,445
Total Noncurrent Assets	**118,522,815**	117,349,944
TOTAL ASSETS	**₱159,442,482**	₱153,527,939
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	**₱1,212,900**	₱1,614,600
Trade and other payables	**6,958,346**	7,121,754
Derivative liabilities	**407**	7,580
Income tax payable	**395,770**	142,683
Current portion of:		
Long-term debts	**1,369,633**	1,504,800
Long-term obligation on power distribution system	**16,902**	16,902
Payable to preferred shareholder of a subsidiary	**40,000**	40,000
Total Current Liabilities	**9,993,958**	10,448,319
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts	**17,214,974**	17,300,182
Finance lease obligation	**53,323,272**	52,714,959
Long-term obligation on power distribution system	**245,495**	237,046
Payable to preferred shareholder of a subsidiary	**30,266**	46,068
Customers' deposits	**2,212,048**	2,164,195
Pension liabilities	**27,753**	26,965
Deferred income tax liabilities	**572,720**	397,988
Total Noncurrent Liabilities	**73,626,528**	72,887,403
Total Liabilities	**83,620,486**	83,335,722
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
Cumulative translation adjustments	**(91,074)**	(57,668)
Share in cumulative translation adjustments of associates	**(591,421)**	(546,753)
Share in unrealized valuation gain on AFS investments of an associate	**73,952**	73,952
Acquisition of non-controlling interests	**(259,147)**	(259,147)
Retained earnings	**55,000,525**	49,400,692
	74,080,333	68,558,574
Non-controlling Interests	**1,741,663**	1,633,643
Total Equity	**75,821,996**	70,192,217
TOTAL LIABILITIES AND EQUITY	**₱159,442,482**	₱153,527,939

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share Amounts)

(Unaudited)

	JAN-MAR/12	JAN-MAR/11
OPERATING REVENUES	**₱15,097,218**	₱12,939,407
OPERATING EXPENSES	**10,099,912**	7,568,664
FINANCIAL INCOME (EXPENSES)		
Interest income	**171,156**	143,002
Interest expense and other financing costs	**(1,831,536)**	(1,716,141)
	(1,660,380)	(1,573,139)
OTHER INCOME (EXPENSES)		
Share in net earnings of associates	**2,010,910**	1,362,940
Others - net	**691,795**	308,075
	2,702,705	1,671,015
INCOME BEFORE INCOME TAX	**6,039,631**	5,468,619
PROVISION FOR INCOME TAX	**331,768**	322,259
NET INCOME	**₱5,707,863**	₱5,146,360
Attributable to:		
Equity holders of the parent	**₱5,599,833**	₱5,105,850
Non-controlling interests	**108,030**	40,510
	₱5,707,863	₱5,146,360
EARNINGS PER COMMON SHARE		
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	**₱0.76**	₱0.69

See Disclosure H for the computation of Earnings per Common Share,

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

(Unaudited)

	JAN-MAR/12	JAN-MAR/11
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	**₱5,599,833**	₱5,105,850
Non-controlling interests	**108,030**	40,510
	₱5,707,863	₱5,146,360
OTHER COMPREHENSIVE INCOME (LOSS)		
Movement in cumulative translation adjustments	**(33,406)**	–
Share in movement in cumulative translation adjustments of associates	**(44,668)**	(18,592)
Total other comprehensive income, net of tax	**(78,074)**	(18,592)
TOTAL COMPREHENSIVE INCOME	**₱5,629,789**	₱5,127,768
Attributable to:		
Equity holders of the parent	**5,521,759**	5,087,258
Non-controlling interests	**108,030**	40,510
	₱5,629,789	₱5,127,768

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2012 AND DECEMBER 31, 2011, AND MARCH 31, 2011

(Amounts in Thousands, Except Dividends Per Share Amounts)

(Unaudited)

	Attributable to Equity Holders of the Parent								
	Capital Stock	Additional Paid-in-Capital	Share in Unrealized Gain on AFS of Associates	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates	Acquisition of Non-controlling Interests	Retained Earnings	Non-controlling Interests	Total
Balances at January 1, 2012	₱7,358,604	₱12,588,894	₱73,952	(₱57,668)	(₱546,753)	(₱259,147)	₱49,400,692	₱1,633,643	₱70,192,217
Net income for the year	–	–	–	–	–	–	5,599,833	108,030	5,707,863
Other comprehensive loss	–	–	–	(33,406)	(44,668)	–	–	–	(78,074)
Total comprehensive income (loss) for the year	–	–	–	(33,406)	(44,668)	–	5,599,833	108,030	5,629,789
Change in non-controlling interests	–	–	–	–	–	–	–	(10)	(10)
Balances at March 31, 2012	**₱7,358,604**	**₱12,588,894**	**₱73,952**	**(₱91,074)**	**(₱591,421)**	**(₱259,147)**	**₱55,000,525**	**₱1,741,663**	**₱75,821,996**
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
Net income for the year	–	–	–	–	–	–	21,608,253	275,654	21,883,907
Other comprehensive loss	–	–	(4,166)	(57,668)	(604,675)	–	–	–	(666,509)
Total comprehensive income (loss) for the year	–	–	(4,166)	(57,668)	(604,675)	–	21,608,253	275,654	21,217,398
Cash dividends – ₱1.32 a share	–	–	–	–	–	–	(9,713,358)	–	(9,713,358)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	(79,633)	(79,633)
Change in non-controlling interests	–	–	–	–	–	–	–	1,033,600	1,033,600
Balances at December 31, 2011	₱7,358,604	₱12,588,894	₱73,952	(₱57,668)	(₱546,753)	(₱259,147)	₱49,400,692	₱1,633,643	₱70,192,217
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
Net income for the year	–	–	–	–	–	–	5,105,850	40,510	5,146,360
Other comprehensive loss	–	–	–	–	(18,592)	–	–	–	(18,592)
Total comprehensive 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	₱78,118	₱–	₱39,330	(₱259,147)	₱42,611,647	₱443,854	₱62,861,300

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)
(Unaudited)

	JAN-MAR/12	JAN-MAR/11
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱6,039,631**	₱5,468,619
Adjustments for:		
Interest expense and other financing costs	**1,831,536**	1,716,141
Depreciation and amortization	**818,734**	769,585
Amortization of software	**2,184**	–
Unrealized fair valuation loss on derivatives	**258**	18,578
Gain on sale of property, plant and equipment	**(525)**	(435)
Gain on redemption of preferred shares	**(27,088)**	–
Interest income	**(171,156)**	(143,002)
Net unrealized foreign exchange gains	**(502,438)**	(243,540)
Share in net earnings of associates	**(2,010,910)**	(1,362,940)
Operating income before working capital changes	**5,980,226**	6,223,006
Increase in operating assets	**363,933**	(563,304)
Increase in operating liabilities	**(45,405)**	98,076
Cash provided by operations	**6,298,754**	5,757,778
Income and final taxes paid	**(82,172)**	7,980
Net cash flows from operating activities	**6,216,582**	5,765,758
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	**637,225**	2,056,057
Interest received	**234,089**	162,880
Proceeds from redemption of preferred shares	**318,508**	–
Additions to property, plant and equipment	**(843,277)**	(739,408)
Additional investments in associates	**(1,495)**	(64)
Net collection of (additional) advances to associates	**1,267**	(205,337)
Additions to intangible assets	**(50,975)**	(20,278)
Decrease (increase) in other assets	**98,106**	(8,872)
Net cash flows from (used in) investing activities	**393,448**	1,244,978
CASH FLOWS FROM FINANCING ACTIVITIES		
Net payment of bank loans	**(401,700)**	(833,600)
Payments of long-term debt	**(220,375)**	(327,809)
Payments of finance lease obligation	**(273,460)**	(275,500)
Changes in non-controlling interests	**–**	(687)
Payments to preferred shareholders of a subsidiary	**(19,344)**	(46,559)
Decrease in derivative liabilities	**(7,431)**	–
Interest paid	**(448,809)**	(525,460)
Net cash flows used in financing activities	**(1,371,119)**	(2,009,615)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**5,238,911**	5,001,121
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(56,675)**	(13,604)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**23,391,561**	18,301,845
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**₱28,573,797**	₱23,289,362

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 (Loss)

	JAN-MAR/12	JAN-MAR/11
Share in movement in cumulative translation adjustments of associates	**(₱44,668)**	(₱18,592)
Movement in cumulative translation adjustments	**(33,406)**	–
Other comprehensive income (loss) for the period – net of tax	**(₱78,074)**	(₱18,592)

B Tax Effects Relating to Each Component of Other Comprehensive Income (Loss)

	JAN-MAR/12		
	Before-Tax Amount	**Tax (Expense) Benefit**	**Net-of-Tax Amount**
Share in movement in cumulative translation adjustments of associates	**(₱44,668)**	**-**	**(₱44,668)**
Movement in cumulative translation adjustments	**(33,406)**	**-**	**(33,406)**
Other comprehensive income (loss) for the period – net of tax	**(₱78,074)**	**-**	**(₱78,074)**

	JAN-MAR/11		
	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Share in movement in cumulative translation adjustments of associates	(₱18,592)	-	(₱18,592)
Other comprehensive income (loss) for the period – net of tax	(₱18,592)	-	(₱18,592)

C Investments in and Advances to Associates

	% Ownership	March 31, 2012	December 31, 2011
Acquisition cost:			
Manila Oslo Renewable Enterprise, Inc.	**83.33**	**₱9,545,143**	₱9,545,143
STEAG State Power, Inc.	**34.00**	**4,400,611**	4,400,611
Cebu Energy Development Corp.	**44.00**	**2,438,621**	2,438,621
Hijos de F. Escano, Inc.	**46.73**	**858,070**	858,070
Visayan Electric Co., Inc.	**55.25**	**659,649**	658,153
AEV Aviation, Inc.	**49.25**	**291,400**	291,400
Pampanga Energy Ventures, Inc.	**42.84**	**209,465**	209,465
San Fernando Electric Light & Power Co., Inc.	**43.78**	**180,864**	180,864
East Asia Utilities Corporation	**50.00**	**180,616**	217,551
Western Mindanao Power Corporation	**20.00**	**79,099**	263,665
Southern Philippines Power Corporation	**20.00**	**99,166**	152,587
Redondo Peninsula Energy, Inc.	**25.00**	**5,000**	5,000
Others		**88**	88
Balance at end of period		**₱18,947,792**	₱19,221,218
Accumulated equity in net earnings:			
Balance at beginning of the year		**9,397,547**	7,645,004
Share in net earnings		**2,010,910**	8,436,906
Disposals during the year		**–**	(5,639)
Step-acquisition to subsidiary			(196,402)
Effect of redemption of preferred shares by an associate		**(16,501)**	–
Cash dividends received or receivable		**(637,225)**	(6,482,322)
Balance at end of period		**10,754,731**	9,397,547
		29,702,523	28,618,765
Share in net unrealized gains (losses) on available-for-sale securities & underwriting accounts of an associate		**73,952**	73,952
Share in cumulative translation adjustments of associates		**(591,421)**	(546,753)
Investments in associates at equity		**29,185,054**	28,145,964
Advances to associates - net		**974,462**	975,729
		₱30,159,516	₱29,121,693

D Trade and Other Payables

	March 31, 2012
Trade	**₱2,925,773**
DOSRI	–
Others	**4,032,573**
	₱6,958,346

E Bank Loans

	Interest Rate	Mar 31/12	Dec 31/11
Peso loans - financial institutions - unsecured	4.10% in 2012; 4.00% to 4.25% in 2011	**₱1,212,900**	₱1,614,600
		₱1,212,900	₱1,614,600

F Long-term Debts

	Interest Rate	**Mar 31/12**	Dec 31/11
Company			
Financial and non-financial institutions - unsecured			
Fixed rate notes	9.33%	**₱543,200**	₱543,200
Fixed rate notes	8.23%	**5,000,000**	5,000,000
Fixed rate notes	7.81%	**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
Hedcor Sibulan, Inc. (HSI)			
Financial institutions - secured	8.52%	**3,175,420**	3,306,947
Hedcor, Inc. (HI)			
Financial institution - secured	8.36%	**452,200**	484,500
Cebu Private Power Corporation	4.42% in 2012;		
Financial institutions - secured	3.06% - 6.08% in 2011	**373,333**	426,667
Subic Enerzone Corporation			
Financial institution – secured	3.68%	**565,000**	565,000
Luzon Hydro Corporation (LHC)			
Financial institution – secured	2.44% to 2.50%	**510,320**	521,257
Balamban Enerzone Corporation			
Financial institution - secured	7.50%	**70,000**	70,000
Total		**18,689,473**	18,917,571
Less deferred financing costs		**104,866**	112,589
		18,584,607	18,804,982
Less current portion – net of deferred financing costs		**1,369,633**	1,504,800
		₱17,214,974	₱17,300,182

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/12	JAN-MAR/11
a. Net income attributable to equity holders of the parent	**₱5,599,833**	₱5,105,850
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)	**₱0.76**	₱0.69

There are no dilutive potential common shares as of March 31, 2012 and 2011.

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 arm's 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, 2012

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	**₱11,164,629**	**₱3,854,021**	**₱78,568**	**₱–**	**₱15,097,218**
Inter-segment	**336,696**	**–**	**74,805**	**(411,501)**	**–**
Total Revenue	**₱11,501,325**	**₱3,854,021**	**₱153,373**	**(₱411,501)**	**₱15,097,218**
Segment results	**₱4,382,342**	**₱590,041**	**₱24,923**	**₱–**	**₱4,997,306**
Unallocated corporate income - net	**579,985**	**90,254**	**21,556**	**–**	**691,795**
INCOME FROM OPERATIONS	**4,962,327**	**680,295**	**46,479**	**–**	**5,689,101**
Interest expense	**(1,534,873)**	**(32,914)**	**(263,749)**	**–**	**(1,831,536)**
Interest income	**84,019**	**4,470**	**82,667**	**–**	**171,156**
Share in net earnings of associates	**1,818,243**	**198,078**	**5,731,968**	**(5,737,379)**	**2,010,910**
Provision for (benefit from) income tax	**(157,080)**	**(173,301)**	**(1,387)**	**–**	**(331,768)**
NET INCOME	**₱5,172,636**	**₱676,628**	**₱5,595,978**	**(₱5,737,379)**	**₱5,707,863**
OTHER INFORMATION					
Investments in Associates	**₱25,956,402**	**₱2,810,820**	**₱72,571,619**	**(₱72,153,787)**	**₱29,185,054**
Segment Assets	**₱131,620,465**	**₱10,255,616**	**₱87,586,234**	**(₱70,019,833)**	**₱159,442,482**
Segment Liabilities	**₱66,631,962**	**₱5,725,061**	**₱13,611,253**	**(₱2,347,790)**	**₱83,620,486**
Depreciation and amortization	**₱704,813**	**₱111,284**	**₱4,821**	**₱–**	**₱820,918**

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 (expenses)	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 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	(₱46,748,872)	₱26,218,351
Segment Assets	₱112,566,026	₱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

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, AFS investments, restricted cash, bank loans, trade and other payables, 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 Group also enters into derivative transactions, particularly foreign currency forwards, to economically hedge its foreign currency risk from foreign currency denominated liabilities and purchases.

Risk Management Structure
The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

Financial risk committee
The Financial Risk Committee has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Treasury service group
The Treasury Service Group is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits.

The main risks arising from the Group's financial instruments are interest rate risk resulting from movements in interest rates that may have an impact on outstanding long-term debt; credit risk involving possible exposure to counter-party default on its cash and cash equivalents, AFS investments and trade and other receivables; liquidity risk in terms of the proper matching of the type of financing required for specific investments; and foreign exchange risk in terms of foreign exchange fluctuations that may significantly affect its foreign currency denominated placements and borrowings.

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 on 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 the 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 any 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. 1.87% of the Group's debt will mature in less than one year as of March 31, 2012 (as of December 31, 2011: 2.06%). 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 and trade and other receivables. 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, 2012 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	**₱4,212,096**	**₱4,212,096**	₱81,460	₱4,130,636	₱–	₱–
Customers' deposits	**2,212,048**	**2,212,048**	–	7,249	53,626	2,151,173
Bank loans	**1,212,900**	**1,212,900**	–	1,212,900	–	–
Payable to preferred shareholders of subsidiary	**47,168**	**93,210**	–	31,070	62,140	–
Finance lease obligation	**53,323,272**	**110,019,033**	–	2,534,784	38,142,989	69,341,260
Long-term obligation on power distribution system	**285,495**	**680,000**	–	40,000	200,000	440,000
Long-term debts	**18,584,607**	**18,689,473**	–	1,370,708	10,337,883	6,980,882
Derivative liabilities	**407**	**407**	–	407	–	–
Total	**₱79,877,993**	**₱137,119,167**	₱81,460	₱9,327,754	₱48,796,638	₱78,913,315

Market Risk

The risk of loss, immediate or over time, due to adverse fluctuations in the price or market value of instruments, products, and transactions in the Group's overall portfolio (whether on or off-balance sheet) is market risk. These are influenced by foreign and domestic interest rates, foreign exchange rates and gross domestic product growth.

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, 2012, 5% of the Group's long-term debt had floating interest rates ranging from 2.44% to 4.42%, and 95% have fixed rates ranging from 3.68% to 9.33%. As of December 31, 2011, 5% of the Group's long-term debt had floating interest rates ranging from 2.44% to 6.08%, and 95% have fixed rates ranging from 3.68% 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, 2012

	<1 year	1-5 years	>5 years	**Total**
Floating rate - long-term debt	₱406,902	₱472,402	₱–	₱879,304
Floating rate - payable to preferred shareholders of subsidiaries	16,902	30,266	–	47,168
	₱423,804	₱502,668	₱–	₱926,472

As of December 31, 2011

	<1 year	1-5 years	>5 years	**Total**
Floating rate - long-term debt	₱409,153	₱533,429	₱–	₱942,582
Floating rate - payable to preferred shareholders of subsidiaries	16,902	46,068	–	62,970
	₱426,055	₱579,497	₱–	₱1,005,552

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 31, 2012	200	(₱17,586)
	(100)	8,793
December 31, 2011	200	(18,852)
	(100)	9,426

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/12	JAN-MAR/11
Bank loans and long-term debt	**₱377,697**	₱366,951
Customers' deposits	**956**	953
Finance lease obligation	**1,440,886**	1,331,402
Long-term obligation on power distribution system	**8,449**	8,622
Payable to preferred shareholder of subsidiary	**3,542**	4,318
Advances from related parties	**6**	3,895
	₱1,831,536	₱1,716,141

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, 2012 and December 31, 2011, foreign currency denominated borrowings account for 37% of total consolidated borrowings.

Presented below are the Group's foreign currency denominated financial assets and liabilities as of March 31, 2012 and December 31, 2011, translated to Philippine Peso.

	March 31, 2012		December 31, 2011	
	US Dollar	Philippine Peso equivalent[1]	**US Dollar**	Philippine Peso equivalent[1]
Loans and receivables				
Cash	**US$10,000**	**₱429,200**	US$13,840	₱606,752
Trade and other receivables	**6,636**	**284,800**	356	15,604
Advances to associates	–	–	885	38,781
Total financial assets	**16,636**	**714,000**	15,081	661,137
Other financial liabilities				
Trade and other payables	**69**	**2,974**	**8,048**	**352,827**
Long-term debt	**11,890**	**510,320**	**11,890**	**521,257**
Finance lease obligation	**622,032**	**26,697,613**	**609,712**	**26,729,765**
Total financial liabilities	**633,991**	**27,210,907**	**629,650**	**27,603,849**
Net foreign currency denominated assets	**(US$617,355)**	**(₱26,496,907)**	**(US$614,569)**	**(₱26,942,712)**

[1] $1 = ₱42.9200 ending Mar 31, 2012
$1 = ₱43.8400 ending Dec 31, 2011

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, 2012 and December 31, 2011.

	Increase/ (decrease) in US Dollar	Effect on income before tax
March 31, 2012		
US dollar denominated accounts	**US Dollar strengthens by 5%**	**(₱1,324,845)**
US dollar denominated accounts	**US Dollar weakens by 5%**	**1,324,845**
December 31, 2011		
US dollar denominated accounts	**US Dollar strengthens by 5%**	**(₱1,347,136)**
US dollar denominated accounts	**US Dollar weakens by 5%**	**1,347,136**

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.

<u>Credit risk</u>
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 and entities 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 only 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 it has internal mechanisms to monitor the granting of credit and management of credit exposures.

Concentration Risk
Credit risk concentration of the Group's receivables according to the customer category as of March 31, 2012 and December 31, 2011 is summarized in the following table:

	March 31, 2012	December 31, 2011
Power distribution		
Residential	**₱301,619**	₱312,099
Commercial	**111,009**	126,467
Industrial	**467,578**	448,805
City street lighting	**7,588**	6,617
Power generation		
Spot market	**1,156,515**	741,102
Power supply contracts	**5,818,636**	4,945,887
	₱7,862,945	₱6,580,977

Capital management
Capital includes equity attributable to the equity holders of the parent. 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 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, 2012 and December 31, 2011 are as follows:

	March 31, 2012	December 31, 2011
Bank loans	**₱1,212,900**	₱1,614,600
Long-term debt	**71,955,047**	71,582,911
Cash and cash equivalents	**(28,573,797)**	(23,391,561)
Net debt (a)	**44,594,150**	49,805,950
Equity	**75,821,996**	70,192,217
Equity and net debt (b)	**₱120,416,146**	₱119,998,167
Gearing ratio (a/b)	**37.03%**	41.51%

Certain entities within the Group that are registered with the BOI are required to raise a minimum amount of capital in order to avail of their registration incentives. As of March 31, 2012, these entities have complied with the requirement as applicable.

No changes were made in the objectives, policies or processes during the period ended March 31, 2012 and December 31, 2011.

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, 2012		December 31, 2011	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
FINANCIAL ASSETS				
Cash and cash equivalents	**₱28,573,797**	**₱28,573,797**	₱23,391,561	₱23,391,561
Trade and other receivables	**8,760,912**	**8,760,912**	9,505,778	9,505,778
	37,334,709	**37,334,709**	32,897,339	32,897,339
AFS Financial Assets	**3,744**	**3,744**	3,744	3,744
	₱37,338,453	**₱37,338,453**	₱32,901,083	₱32,901,083
FINANCIAL LIABILITIES				
Other Financial Liabilities				
Bank loans	**₱1,212,900**	**₱1,212,900**	₱1,614,600	₱1,614,600
Long-term debt				
Floating - long-term debt	**879,304**	**879,304**	942,582	942,582
Fixed rate - long-term debt	**17,705,303**	**18,461,771**	17,862,400	19,467,789
Payable to preferred shareholder of a subsidiary	**47,168**	**47,168**	62,970	62,970
Finance lease obligation	**53,323,272**	**63,286,204**	52,714,959	67,291,284
Customers' deposits	**2,212,048**	**2,212,048**	2,164,195	2,164,195
Long-term obligation on power distribution system	**285,495**	**423,612**	277,046	419,789
Trade and other payables				
Trade payables	**2,998,930**	**2,998,930**	2,950,149	2,950,149
Accrued expenses	**613,063**	**613,063**	1,354,181	1,354,181
Related parties	**77,629**	**77,629**	18,415	18,415
Other liabilities	**522,474**	**522,474**	466,397	466,397
	4,212,096	**4,212,096**	4,789,142	4,789,142
	79,877,586	**90,735,103**	80,427,894	96,752,351
Financial Liability at FVPL				
Derivative liabilities	**407**	**407**	7,580	7,580
	₱79,877,993	**₱90,735,510**	₱80,435,474	₱96,759,931

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.

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 done on a quarterly basis, 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. These are carried at cost less impairment because fair value cannot be determined reliably due to the unpredictable nature of cash flows and lack of suitable methods of arriving at reliable fair value.

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 quoted AFS investments and derivative instruments, which are classified under Level 1 and Level 2, are measured and carried at fair value. During the reporting period ending March 31, 2012, 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, 2012. 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 12, Income Taxes - Recovery of Underlying Assets*
  The amendment to PAS 12 is effective for annual periods beginning on or after January 1, 2012. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40, Investment Property, should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, Property, Plant and Equipment, always be measured on a sale basis of the asset.

- *PFRS 7, Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements*
  The amendment to PFRS 7 is effective for annual periods beginning on or after July 1, 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

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 companies HI, HSI and LHC, 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

a) Dividend declaration

On March 1, 2012, the BOD approved the declaration of cash dividends of ₱1.32 a share (₱9.71 billion) to all stockholders of record as of March 16, 2012. The cash dividends are payable on April 3, 2012.

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 31/2012

	30 Days	60 Days	90 Days	Over 90 Days	Total
A/R - Trade:					
Power Distribution Customers	595,871	181,296	32,127	59,532	868,826
Power Generation Customers	4,765,219	334,158	163,496	1,712,278	6,975,151
Management & Other Services Customers	3,208	2,079	1,392	12,289	18,968
Sub-total - A/R - Trade	**5,364,298**	**517,533**	**197,015**	**1,784,099**	**7,862,945**
Less : Allowance for Doubful Accounts					**502,892**
Net Trade Receivables					**7,360,053**
A/R - Non Trade	**1,179,303**	**10,043**	**43,822**	**167,691**	**1,400,859**
Grand Total	**6,543,601**	**527,576**	**240,837**	**1,951,790**	**8,760,912**

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