

November 16, 2017

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex,
Roxas Boulevard, Pasay City, 1307

ATTENTION : **DIR. VICENTE GRACIANO P. FELIZMENIO JR.**
Markets and Securities Regulation Department

via PSE EDGE

PHILIPPINE STOCK EXCHANGE, INC.

3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

ATTENTION : **MR. JOSE VALERIANO B. ZUÑO III**
OIC – Head, Disclosure Department

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.

Market Regulatory Services Group
37/F Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas
Makati City

ATTENTION : **MS. VINA VANESSA S. SALONGA**
Head – Issuer Compliance and Disclosures Department

Gentlemen:

Please see enclosed SEC Form 17-Q (3rd Quarterly Report 2017) of Aboitiz Power Corporation.

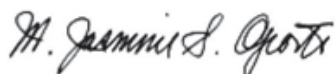
Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ POWER CORPORATION

By:



M. JASMINE S. OPORTO
Corporate Secretary

COVER SHEET

C 1 9 9 8 0 0 1 3 4

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)

3 2 N D S T R E E T , B O N I F A C I O G L O B A L

C I T Y , T A G U I G C I T Y , M E T R O M A N I L A

P H I L I P P I N E S

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

M. JASMINE S. OPORTO

Contact Person

02-886-2729

Company Telephone Number

1 2 3 1

Month Day
Fiscal Year

3rd Quarterly Report 2017

1 7 - Q

FORM TYPE

3rd Monday of May

0 5 1 5

Month Day
Annual Meeting

Secondary License Type, if Applicable

S E C

Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders

x

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **September 30, 2017**
2. Commission identification number **C199800134** 3.BIR Tax Identification No. **200-652-460-000**

4. Exact name of issuer as specified in its charter

ABOITIZ POWER CORPORATION

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

Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines **1634**

8. Issuer's telephone number, including area code

(02) 886-2800

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 (as of September 30, 2017)
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Common Stock ₱1 Par Value	7,358,604,307
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Amount of Debt Outstanding as of September 30, 2017	₱222,237,327,000.00
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11. Are any or all of the securities listed on a Stock Exchange?

Yes 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 No

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

Yes No

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 (AboitizPower, Parent 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.

Key Performance Indicators

Management uses the following indicators to evaluate the performance of 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 and Joint Ventures.** It represents the Group's share in the undistributed earnings or losses of its investees for each reporting period subsequent to acquisition of said investment. It also 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 first nine months of 2017 and 2016, and as of December 31, 2016:

	SEPT. 30, 2017	SEPT. 30, 2016	DEC 2016
SHARE IN NET EARNINGS OF ASSOCIATES AND JOINT VENTURES	3,781,762	2,456,875	
EBITDA	35,389,019	28,466,023	
CASH FLOW GENERATED:			
Net cash flows from operating activities	26,683,821	26,124,870	
Net cash flows used in investing activities	(13,053,733)	(20,870,403)	
Net cash flows (used in) from financing activities	(12,131,971)	9,114,192	
Net increase in cash & cash equivalents	1,498,117	14,368,659	
Cash & cash equivalents, beginning	47,094,741	51,098,269	
Cash & cash equivalents, end	48,609,665	65,735,655	
CURRENT RATIO	2.56		2.25
DEBT-TO-EQUITY RATIO	2.12		2.18

The Company's Share in net earnings of associates and joint ventures increased by 54% compared to the same period last year. Better hydrology for the period led to higher contributions from SN Aboitiz Power-Magat, Inc. (SN AboitizPower-Magat) and SN Aboitiz Power-Benguet, Inc. (SN AboitizPower-Benguet) which increased volumes sold and ancillary revenues.

Consolidated EBITDA grew by ₱6.92 billion (bn) or 24% as the group recognized fresh EBITDA contributions from the acquisition of GNPower Mariveles Coal Plant Ltd. Co. (GNPower-Mariveles), as well as stronger operating results from various subsidiaries, notably from, the hydroelectric power plants which experienced better hydrology this year as compared to the lower volumes experienced last year due El Nino.

Cash was used to fund ongoing projects, pay dividends to shareholders and working capital requirements of subsidiaries. Cash inflows for the period were mainly from the Group's operations and proceeds from debt facilities including ₱3.0 bn proceeds from a retail bond that the AboitizPower raised during the period.

Current ratio stood at 2.56x at the end of three quarters of 2017 versus 2.25x at the end of 2016 as current assets increased by 7%.

Debt to equity ratio as of September 30, 2017 was at 2.12, vis a vis 2.18 at the end of December 2016 as total liabilities increased by 4% or ₱8.85 bn.

Results of Operations

AboitizPower's net income for the first nine months of the year increased by 4% with a net income of ₱15.75 bn. The Company recognized non-recurring losses of ₱1.74 bn (versus last year's loss of P102 mn) from the revaluation of dollar denominated liabilities and placements and from the debt prepayment costs associated with a debt refinancing of a subsidiary. Without these one-off losses, core net income grew 15% from ₱15.20 bn to ₱17.48 bn. The Company's consolidated EBITDA grew from ₱28.47 bn to ₱35.39 bn, a 24% increase year-on-year (YoY).

Business Segments

Power Generation

On a year-to-date (YTD) basis, the generation business accounted for 82% of EBITDA contributions from AboitizPower's business segments, recording a consolidated EBITDA share of ₱29.24 bn, up 29% YoY. At the core net income level, generation business grew 25% YoY from ₱12.26 bn to ₱15.31 bn. After taking into account one-off items, AboitizPower's generation business income contribution for the period amounted to ₱14.24 bn.

For the period, AboitizPower's capacity sold increased by 39% YoY, from 2,244 megawatt (MW) to 3,112 MW, mainly driven by the additional capacities from GNPowder-Mariveles, higher generation of the hydro units, and more capacities contracted.

Power Distribution

On a YTD basis, EBITDA for the distribution business increased by 4% YoY from ₱5.39 bn to ₱5.60 bn. Net income contribution increased by 4% YoY for the first nine months of 2017 to ₱3.05 bn.

The Group's gross margin on a per kilowatt hour (kWh) basis for the period increased to ₱1.70 from ₱1.59 in the first nine months of the year. The improved margins came from adequate power supply, better supply mix and recoveries on purchased power costs.

AboitizPower's attributable sales in the distribution group for the period was at 3,924 gigawatt hours (GWh), registering a 3% increase from the same period last year.

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

Consolidated Statements of Income

The various movements in the revenue and expense line items leading to the Consolidated Net Income Attributable to Equity Holders of the Parent of ₱15.75 bn are shown below:

Consolidated Net Income Attributable to Equity Holders of the Parent (January – September 2016)	₱ 15,092,659
Increase in operating revenues	21,548,634
Increase in operating expenses	-16,290,590
Decrease in interest income	-122,375
Increase in interest expense and other financing costs	-3,516,689
Increase in share in net earnings of associates and joint ventures	1,324,887
Decrease in other income	-1,705,973
Higher provision for taxes	-244,079
Increase in income attributable to non-controlling interests	-340,637
Total	<u>653,178</u>
Consolidated Net Income Attributable to Equity Holders of the Parent (January – September 2017)	<u>₱ 15,745,837</u>

Operating Revenues

(32% increase from ₱66.86 bn to ₱88.41 bn)

YoY, operating revenues increased by ₱21.55 bn mainly from fresh revenues as the Company consolidated operating revenues of GNPowder-Mariveles which accounts for 75% of the increase.

New contracts at Retail Electricity Supplier (RES) Licensed Companies - Aboitiz Energy Solutions, Inc. (AESI) and AdventEnergy, Inc. (AdventEnergy) account for the remaining increase in operating revenues.

Operating Expenses

(35% increase from ₱47.06 bn to ₱63.35 bn)

Consolidated operating expenses increased by ₱16.29 bn as the Company recognized the operating expenses of GNPowder-Mariveles. Higher cost of purchased power at the retail electricity supply companies also contributed to the increase.

Interest Income

(15% decrease from ₱820 mn to ₱698 mn)

Decrease is mainly due to lower average cash and cash equivalent balances in the first nine months of this year as compared to the same period last year.

Interest Expense and Other Financing Costs

(65% increase from ₱5.38 bn to ₱8.90 bn)

The increase is mainly due to the consolidation of interest expense of newly-acquired GNPowder-Mariveles, as well as interest expenses on: (i) a new loan of Therma Power, Inc. (TPI) to partly fund the acquisition of partnership interests in GNPowder-Mariveles and GNPowder Dinginin Ltd. Co., (ii) full three quarter interest on AP Renewable Inc.'s loan, and (iii) Hedcor Sibulan Inc.'s loan taken out in the last quarter of 2016, and (iv) interest on a ₱ 3 bn fixed rate retail bonds which the Company drew down in July this year.

Share in Net Earnings of Associates and Joint Ventures

(54% increase from ₱ 2.46 bn to ₱ 3.78 bn)

Due to better hydrology versus significantly low hydrology in 2017 as a result of the El Niño, the year saw better deployment of the capacities at the two large hydroelectric power plants, SN AboitizPower-Magat

and SN AboitizPower-Benguet. As a result, higher volumes sold and better ancillary revenues were recognized, which improved earnings contributions from the two large hydro plants.

Other Income (Expense) - net

(120% decrease from ₱1.43 bn other income to ₱ 279 mn other expense)

The decrease is mainly due to the recognition of non-recurring forex losses (versus last year's gain) on the revaluation of dollar-denominated liabilities and debt prepayment costs of a subsidiary relating to the refinancing of its project debt. Further adding to the downward change is the occurrence of gains last year related to share redemptions, gain on acquisition and supplier settlements.

Provision for Taxes

(9% increase from ₱ 2.87 bn to ₱ 3.11 bn)

Provision for taxes increased as a result of higher tax provisions at various subsidiaries mainly at Davao Light and Power Company, Inc. (DavaoLight) and AP Renewables Inc. (APRI).

Net Income Attributable to Non-controlling Interests

(29% increase from ₱1.16 bn to ₱1.50 bn)

The recognition of the net income attributable to the non-controlling interests of GNPower-Mariveles mainly drove the increase to this account.

Consolidated Statements of Comprehensive Income

Consolidated comprehensive income attributable to equity holders of the Parent increased from ₱15.06 bn in the first three quarters of 2016 to ₱ 16.48 bn for the same period in 2017. This is mainly due to the increase in consolidated net income recognized during the period, as the change in cumulative translation adjustments and valuation gains on available-for-sale investments are recognized.

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

Assets

Total assets (as of September 30, 2017 vs. December 31, 2016) increased by ₱16.04 bn or 5%. The movements in the asset accounts below contributed to the increase:

- a) Cash and cash equivalents increased by ₱1.52 bn or 3% primarily from proceeds of long term debt and an increase in cash provided by operations net of major outflows relating to debt service and payment of dividends.
- b) Trade and other receivables increased by 20% or ₱3.04 bn mainly from a larger customer base at AESI and AdventEnergy leading to an increase in this account and higher trade receivables as of the end of the period for Therma Luzon Inc. (TLI) and Therma South Inc. (TSI).
- c) Inventories increased by 14% (from ₱4.45 bn in 2016 to ₱5.09 bn as of September 2017) as inventory levels at the various operating coal plants increased as well as the build-up of inventories at plants under construction.
- d) Property, plant and equipment increased by 4% or ₱7.70 bn as the Company continues to invest into the construction of its Pagbilao unit 3, and Cebu coal-fired plant, and a run of

river hydroelectric plant in Bukidnon.

- e) Intangible asset- service concession rights decreased by 5% versus last year as regular amortizations were made.
- f) Derivative assets (current and noncurrent portions – net of derivative liability) decreased mainly due to settlement of certain instruments and unrealized mark-to-market losses recognized on outstanding derivatives during the current period.
- g) Deferred income tax assets decreased as a result of the reversal of DTA set up in previous periods on the unrealized forex losses on loan restatement related to the prepayment of GNPower-Mariveles' loan.
- f) Other noncurrent assets increased by 30% due to accumulation of input VAT on construction and higher non-current assets at the RES companies.

Liabilities

Consolidated liabilities increased by 4% from ₱243.15 bn as of December 31, 2016 to ₱252.00 bn as of September 30, 2017. The material movements in the liability accounts below contributed to the increase:

- a) Short term loans availed by Davao Light, Visayan Electric Co., Inc. (VECO) and AdventEnergy led to the 18% increase in this account.
- b) Income tax payable increased by 51% (from ₱654 mn in 2016 to ₱990 mn as of September 2017) primarily due to higher tax payables of VECO, Davao Light and Therma Luzon, Inc.
- c) Long-term debt increased by ₱9.13 bn primarily from (i) a ₱3 bn in fixed rate retail bonds which the Company drew down in July this year, and (ii) project debt avallment for plants under construction.
- d) Long-term obligation on power distribution system decreased by 15% as timely disbursements are made.
- e) Customer deposits increased by 8% or ₱544 mn as the customer base at the Company's RES Licensed Companies - AESI and AdventEnergy grew during the period.
- f) Asset retirement obligation increased by 6% as incremental provisions were recorded during the current period
- g) Retention payables to contractors at PEC led to the 22% increase in Other noncurrent liabilities.

Equity

Equity attributable to equity shareholders of the Parent increased by 6% (from ₱105.11 bn as of December 2016 to ₱111.59 bn as of September 2017) as a result of the take up of income for the period in review, net of the declaration of dividends in the first half of the year.

Material Changes in Liquidity and Cash Reserves of Registrant

Cash generated from the Group's operations continue to be the main cash generating activity as it brought in ₱26.68 bn YTD versus a contribution of ₱26.12 bn in the same period last year. Cash flows

from operating subsidiaries' earnings before depreciation and amortization (EBIDA) provides the Company with steady cash streams.

The Group continues to bring several projects into its final phases of completion which led to cash used in investing activities to total ₱13.05 bn during this reporting period is much lesser compared to the ₱20.87 bn outflows in the prior year, as the projects reach the tail end of their construction activities.

Cash used in financing activities went from a net cash inflow of ₱9.11 bn in the prior period to a net outflow of ₱12.13 bn for this reporting period. The outflows relating to dividend payments and debt service exceeded the inflows from drawdowns on project debt as projects reach the end of the construction cycle, hence the lower cash outflows YoY.

As of September 30, 2017, the Group's cash and cash equivalents increased from ₱47.09 bn as of December 2016 to ₱48.61 bn ending September 2017.

Financial Ratios

Current ratios at the end of September 2017 was 2.56x versus to December 2016 ratio of 2.25x. The 7% increase in current assets mainly from higher trade receivables and inventory, coupled by the 6% decrease in current liabilities, led to the change in current ratio.

Consolidated debt to equity ratio is at 2.12x as of September 30, 2017 (versus year end 2016's 2.18x). The increase in the Company's long-term debt to fund the Company's various projects led to the change in this ratio.

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

AboitizPower is well-positioned to take advantage of opportunities arising from developments in the power industry. Its sound financial condition will give it the agility to create or acquire additional generating capacity over the next few years.

I. Generation Business

1. Income Tax Holiday

Several of the privatized assets that AboitizPower acquired were eligible for income tax holiday (ITH). Upon the expiration of the ITH, the respective plants are assessed a corporate income tax in accordance with the relevant laws. The remaining privatized asset still on ITH is SN Aboitiz Power-Benguet, Inc.'s Ambuklao Plant which obtained an ITH extension on February 26, 2013, valid until June 30, 2018.

Among the projects that we constructed, Therma South, Inc., San Carlos Sun Power, Inc. and several Hedcor facilities are still on ITH. Recently acquired GNPowder Mariveles Coal Plant Ltd. Co. is also on ITH. Among those under construction, Hedcor Bukidnon, Inc. and Pagbilao Electric Corporation (PEC), which will come online on December 2017 and January 2018, respectively, will commence their ITH.

2. Increase in Attributable Generating Capacity

Despite the ongoing competition in the market, AboitizPower has built the necessary foundation to sustain its growth trajectory over the long term. In line with its growth

target of building 4,000 MW by 2020 to add to its current capacity of 2,976 MW, AboitizPower will expand its portfolio of generation assets by implementing the following projects.

Greenfield and Brownfield Developments.

AboitizPower, together with its Subsidiaries and Associates, is in various stages of construction of its Greenfield and Brownfield projects.

420-MW Pulverized Coal-Fired Expansion Unit 3 in Pagbilao, Quezon. This project is undertaken by PEC a partnership between AboitizPower subsidiary Therma Power, Inc., and Team (Philippines) Energy Corporation. The plant construction commenced last September 2014 with target commercial operation planned for January 2018.

340-MW CFB Coal-Fired Project, Toledo City, Cebu. This project is undertaken by Therma Visayas, Inc., a partnership between AboitizPower and the Garcia Group, through Vivant Integrated Generation Corporation and Vivant Energy Corporation. The project involves the construction of a 2 x 170-MW coal-fired power plant. Targeted commercial operation is first half of 2018.

68.8-MW Manolo Fortich Hydropower Plant in Bukidnon. This Project is composed of the 43.4-MW Manolo Fortich Hydro 1 and the 25.4-MW Manolo Fortich Hydro 2 plants which shall be located in the Province of Bukidnon. Both plants are expected to produce at least 350 GWh annually. The construction of the Manolo Fortich Project began in 2015 with a total project cost is estimated at ₱13 bn and is expected to be completed by December 2017.

8.5-MW Maris Canal Hydropower Plant Project in Ramon Isabela. This project is undertaken by SN Aboitiz Power-Magat, Inc. and involves the construction of an 8.5 MW run-of-river hydropower plant. The project, which broke ground in late 2015, is on track to commence commercial operations by end November 2017. As of September 2017, the project is already 98% completed. Commissioning of the plant commenced mid-September 2017.

Other Greenfield and Brownfield Developments.

668-MW Supercritical Coal-Fired GN Power Dinginin Unit 1 in Bataan. This project is a joint venture of AC Energy Holdings, Inc., Aboitiz Power subsidiary TPI and Power Partners Company, Ltd. Unit 1 is currently under construction, estimated to be completed by 2019.

660-MW CFB Coal-Fired Power Plant in Subic. This project is undertaken by Redondo Peninsula Energy, Inc. (RP Energy), a joint venture among Meralco PowerGen Corporation, AboitizPower subsidiary TPI and Taiwan Cogeneration International Corporation. RP Energy's target commercial operations to commence around the third quarter of 2020.

On the commercial end, RP Energy signed a Power Supply Agreement (PSA) with Manila Electric Company (Meralco) on April 20, 2016 for a contracted capacity of 225MW within a 20-year term. The same PSA was filed for approval with the Energy Regulatory Commission (ERC) on April 29, 2016, and its subsequent public hearings were concluded on January 6, 2017.

On November 7, 2016, the Alyansa Para sa Bagong Pilipinas, Inc. (ABP) filed a petition to the Supreme Court (SC) asking to issue a Temporary Restraining Order (TRO) to stop the ERC from approving the PSAs between Meralco and several companies including RP Energy. The issue raised by ABP is whether or not the ERC committed abuse of discretion in issuing ERC Resolution No. 1, Series of 2016, which extended from October 2015 to April 2016 the effectivity of ERC Resolution no. 13, series of 2015, that directs all distribution utilities to conduct Competitive Selection Process (CSP) in the procurement process. Moreover, the filed petition points out that these PSAs should be disapproved for failure to comply with the requirements of the Department of Energy (DOE) Department Circular No. DC2015-06-0008 and ERC Resolution No. 13, Series of 2015, requiring the conduct of CSP.

390-MW Alimit Hydropower Complex in Ifugao. This project is undertaken by SN Aboitiz Power-Ifugao, Inc. (SN AboitizPower-Ifugao). It involves the construction of the 120-MW Alimit hydropower plant, 250-MW Alimit pumped storage facility, and the 20-MW Olilicon hydropower plant. SN AboitizPower-Ifugao is gaining momentum in the permitting process and is expecting to continue working with the government, indigenous peoples' representatives, and industry partners. Foremost here is the Free Prior and Informed Consent from the indigenous peoples. This consent is an important component of the feasibility review for the project.

Hydro in the Philippines. Hedcor continually explores hydropower potentials located in Luzon and in Mindanao. Based on exploration, Hedcor sees the potential of building plants with capacities ranging up to 70 MW. When the projects pass the evaluation stage and once permits are secured, the construction period for the hydropower plant facilities will commence.

Hydro in Indonesia. AboitizPower entered into an agreement with SN Power AS and PT Energi Infranasantara to participate in the feasibility studies for the exploration and development of a potential 127 MW hydropower generation project along the Lariang River in Central Sulawesi, Indonesia. The project company, PT Auriga Energi, was awarded the basic license to develop the project. It is currently conducting pre-feasibility studies.

Solar in the Philippines. AboitizPower is continuously looking for opportunities in the solar space.

3. 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 Power Sector Assets and Liabilities Management (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 National Power Corporation to the IPP administrators.

4. Naga Power Plant

Senator Sergio Osmeña filed a petition for Certiorari with the Supreme Court to nullify the right to top granted by PSALM to SPC Power Corporation (SPC) in respect of the 153.1 MW

Naga Power Plant Complex bidding and to enjoin the award on the grounds that SPC's right to top is against public policy.

On February 14, 2017, AboitizPower was informed by Therma Power Visayas, Inc. (TPVI) that it received the Entry of Judgment dated January 9, 2017 issued by the Supreme Court. SPC filed a Motion for Leave to File and Admit Motion for Reconsideration dated December 9, 2016, and a Supplemental Motion/Petition for Referral to the En Banc dated January 16, 2017 with the Supreme Court.

The Supreme Court issued a Resolution dated April 26, 2017 denying both motions filed by SPC. On June 7, 2017, TPVI informed AboitizPower that it received a Notice issued by the Supreme Court formally informing it of the said Resolution. No other pleadings have been filed since.

II. Distribution Business

AboitizPower remains optimistic that it will realize modest growth on its existing distribution utilities. It continually seeks efficiency and improvements in its operations to maintain healthy margins.

Performance-Based Rate-setting regulation (PBR) replaced the Return on Rate Base (RORB) mechanism which has historically determined the distribution charges paid by customers. Under the PBR, distribution utilities can collect from customers over a four-year regulatory period.

The ERC has implemented a Performance Incentive Scheme (PIS) whereby annual rate adjustments, under PBR, are made. The annual rate adjustments take into consideration the ability of a distribution utility to meet or exceed service performance targets set by the ERC, such as: (i) the average duration of power outages; (ii) the average time of restoration to customers; and (iii) the average time to respond to customer calls. The utilities are either rewarded or penalized, depending on their ability to meet these performance targets.

In April 2016, the ERC posted on its website the following documents: (1) "Draft Rules for Setting Distribution Wheeling Rates or "RDWR" for Privately Owned Distribution Utilities Operating under Performance Based Regulation, First Entry Group, Fourth Regulatory Period"; (2) "Draft Position Paper: Regulatory Reset for the July 1, 2015 to June 30, 2019, Fourth Regulatory Period for the First Entry Group of Privately-Owned Distribution Utilities Subject to Performance Based Regulation"; and (3) "Draft Commission Resolution on the Issues on the Implementation of PBR for Privately Owned DUs under the RDWR". Comments on the said draft documents were submitted to the ERC on May 13, 2016.

Through ERC Resolution No. 25 Series of 2016 dated July 12, 2016, the ERC adopted the Resolution Modifying the Rules for Setting Distribution Wheeling Rates (RDWR) for Privately Owned Distribution Utilities Entering Performance Based Regulation (PBR). Based on said Resolution, the Fourth Regulatory Period shall be as follows:

- (a) Cotabato Light and Power Company (CLPC): April 1, 2017 to March 31, 2021
- (b) Davao Light & Power Co., Inc. (DLPC) and VECO: July 1, 2018 to June 30, 2022
- (c) Subic Enerzone Corporation & San Fernando Electric Light & Power Co., Inc.: October 1, 2019 to September 30, 2023

On November 21, 2016, the ERC posted for comments the draft “Regulatory Asset Base (RAB) Roll Forward Handbook for Privately Owned Electricity Distribution Utilities (DUs)”. Public consultations were conducted on January 6 and 9, 2017 in Cebu and Manila, respectively.

There was a Petition filed by Matuwid na Singil sa Kuryente Consumer Alliance, Inc. (MSK) wherein its proposed a modified Return or Rate Base (RORB) methodology or even a modified Performance Based Regulation (PBR) methodology, in which the distribution utilities’ capital expenditures and rate recovery thereon are approved in advance but the charges to the customers will only start after the investments have actually been made and validated by ERC auditors. Public consultations were set by the ERC on March 17 and April 10 in its main office, and on March 22 and 24 in its field offices in Cebu and Davao, respectively.

On May 9, 2017, the ERC posted for comments the draft “Rules for Setting the Distribution System Loss Cap and Establishing Performance Incentive Scheme for Distribution Efficiency” on which the Group’s distribution utilities submitted its comments. Public consultations and discussions were conducted with stakeholders.

On August 30, 2017, Sen. Gatchalian requested information on possible CAPEX programs of distribution utilities to reduce system losses to 5%, 6% and 7% and the effect of reducing the caps to these levels on the system loss charge. CLPC, DLPC, and VECO provided the requested data on September 6, 2017.

There are several bills pending in the congress addressing the system loss caps for private distribution utilities and electric cooperatives. In the bills introduced by Rep. Tiangco and Rodriguez, private distribution utilities are no longer allowed to pass-on system losses to their customers while electric cooperatives will be given a cap of 5%. While in the bill introduced by Rep. Batocabe, private distribution utilities are allowed a cap of 5% for the 1st seven years after enactment of the proposed law after which, system losses can no longer be collected. Also, any expenses associated with the enhancement and upgrading of distribution utilities facilities to minimize system loss cannot be passed-on to consumers.

On September 26, 2017, the House Committee on Energy held an initial hearing on the proposed bills reducing the system loss caps. Representatives from the ERC, the Philippine Electric Plant Owners Association, Meralco and Mr. Rex Tantiongco, former chairman of the Energy Regulatory Board, were the resource speakers. The committee plans to conduct several other hearings to gather additional information in particular from PowerSolv, Inc., ERC’s consultant on the draft system loss caps rules.

III. Market and Industry Developments

1. Retail Competition and Open Access (Open Access)

DOE Circular 2015-06-0010 and ERC Resolutions 5, 10 and 11 Series of 2016 are all subject of a case for Declaratory Relief with the Pasig Regional Trial Court (RTC) filed by Meralco. On July 13, 2016, the Pasig RTC has issued a preliminary injunction enjoining DOE from implementing its Circular and ERC from implementing Resolutions, insofar as they prohibit distribution utilities from engaging in supply business, impose restrictions, contract term limits, mandatory contestability and market caps.

On September 21, 2016, the DOE filed a Petition for Certiorari and Prohibition to the Supreme Court praying, among others, for the nullification of all Orders and Decision of the Pasig RTC. The Supreme Court issued a Resolution on October 10, 2016 granting a TRO to the Pasig RTC from enforcing its decisions, orders, resolutions regarding the abovementioned case until the instant petition is finally resolved.

The ERC issued Resolution No. 28 Series of 2016 dated November 15, 2016 to revise the timeframe of mandatory contestability from December 26, 2016 to February 26, 2017.

On February 21, 2017, the Supreme Court issued a Temporary Restraining Order from the case filed by Philippine Chamber of Commerce and Industry, San Beda College Alabang Inc., Ateneo de Manila University, and Riverbanks Development Corporation. The TRO enjoined ERC and DOE from implementing Resolution No. 5 Series of 2016, Resolution No. 10 Series of 2016, Resolution No. 11 Series of 2016, Resolution No. 28 Series of 2016 and DOE Circular 2015-06-0010.

2. Possibility of Mindanao Wholesale Electricity Spot Market (WESM)

The DOE issued DC 2017-05-0009 entitled “Declaring the Launch of WESM in Mindanao and Providing Transition Guidelines” dated May 4, 2017. The said DOE Circular was effective June 7, 2017, with pertinent provisions as follows:

- (a) Establishment of Mindanao WESM Transition Committee, which will be one of the committees under the PEMC Board;
- (b) The launch of WESM Mindanao on June 26, 2017, however, the Commencement of Full Commercial Operations will depend on various conditions precedent, including installation of metering facilities, PDM approval of ERC, trial operations of WESM, among others;
- (c) The conduct of the Trial Operation Program for WESM;
- (d) Automatic termination of Interim Mindanao Electricity Market; and
- (e) The implementation of an Interim Protocol to govern the dispatch and scheduling of plants, while WESM is still not operational.

3. Reserve Market

The DOE issued Department Circular No. DC2013-12-0027, “Declaring the Commercial Launch for the Trading of Ancillary Service in Luzon and Visayas under the Philippine Wholesale Electricity Spot Market” dated December 2, 2013. The said Department Circular sets the responsibility of the Philippine Electricity Market Corporation (PEMC), National Grid Corporation of the Philippines (NGCP), National Electrification Administration (NEA) and all WESM Members with regards to the operation of the Reserve Market. No date has been set for the launch of the Reserve Market.

Since ERC has yet to issue the approval for the Price Determination Methodology of the Reserve Market, the DOE and PEMC implemented the Central Dispatch and Scheduling of Energy and Reserves in the WESM starting January 2016. The protocol follows that of the Reserve Market, however, participants will only be those contracted with NGCP and that no settlement amount will come from WESM.

4. Feed-in-tariff (FIT) scheme

In May 2017, the DOE approved the new FIT-All rate for 2016 at ₱0.1830/kWh. The new FIT-All rate for 2016 took effect in the immediately succeeding billing period following the receipt by National Transmission Corporation of the aforementioned decision.

In March 2017, ERC issued Resolution No. 01, Series of 2017 "Resolution Setting the Degressed Feed-In tariff Rates for Run-Of-River Hydro and Biomass, as Provided in Section 2.11 of the Feed-In Tariff Rules (FIT Rules)". The degressed rates will be applied for run-of-river hydro and biomass plants which will be on commercial operation from January to December 2017. The degressed rate for hydro is ₱5.8705/kWh and for biomass is ₱6.5969/kWh.

5. Competitive Selection Process in securing Power Supply Agreements

In 2015, the DOE issued Department Circular No. DC2015-06-0008, entitled "Mandating all Distribution Utilities to Undergo Competitive Selection Process (CSP) in securing Power Supply Agreements (PSA)." The DOE recognizes that CSP in the procurement of PSAs by the distribution utilities ensures long term security and certainty of electricity prices of electric power to end-users.

On November 4, 2015, the ERC issued Resolution No. 13, Series of 2015, entitled "A Resolution Directing All Distribution Utilities to Conduct a Competitive Selection Process in the Procurement of Their Supply in the Captive Market".

This development will increase transparency and competition. This is prospective. Hence, will not affect AboitizPower's existing contracts.

6. Maintaining the Share of RE in the Installed Capacity

The DOE, through the National Renewable Energy Board (NREB), is aiming to release the final rules for the Green Energy Option (GEOP) and the Renewable Portfolio Standards (RPS) for both on-grid and off-grid areas. The NREB conducted several public consultations nationwide as requirements for the approval of said Renewable Energy policies.

Under the GEOP, electricity end-customers will be allowed to access renewable energy resources through their distribution utility, electric cooperatives, or suppliers. On the other hand, RPS aims to diversify energy supply by promoting the contracting of energy by mandated participants from renewable energy resources. NREB is expected to submit their output on both policies to the DOE for its review and eventual promulgation.

IV. Capital Expenditure 2017

AboitizPower is allotting ₱59 billion in capital expenditure this year, of which 74% is for new thermal projects, 8% for new renewable projects and 18% for exploratory and operating activities.

PART II--OTHER INFORMATION

There are no significant information on the company which requires disclosure herein and/or were not included in SEC Form 17-C.

SIGNATURES

Pursuant to the requirements 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 Vice President – Controller

Date 16 NOV 2017

Authorized Officer of the Issuer 
M. Jasmine S. Oporto

Signature and Title Corporate Secretary and Compliance Officer

Date 16 NOV 2017

Aboitiz Power Corporation and Subsidiaries

Unaudited Consolidated Financial Statements

As of September 30, 2017 (with Comparative Figures as of December 31, 2016) and

For the Nine-Month Period Ended September 30, 2017 and 2016

ABOITIZ POWER CORPORATION AND SUBSIDIARIES**CONSOLIDATED BALANCE SHEETS**

(Amounts in Thousands)

	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	₱48,609,665	₱47,094,741
Trade and other receivables	18,503,000	15,465,121
Derivative asset	135,873	188,417
Inventories	5,085,314	4,452,812
Other current assets	6,391,093	6,448,096
Total Current Assets	₱78,724,945	73,649,187
Noncurrent Assets		
Investments and advances	31,330,189	30,595,989
Property, plant, and equipment	200,340,241	192,633,546
Intangible asset	3,060,891	3,222,123
Derivative asset - noncurrent portion	116,046	977,770
Investment properties	3,300	3,300
Available-for-sale (AFS) investments	103,578	100,309
Goodwill	37,194,820	37,194,820
Net pension assets	45,667	45,667
Deferred income tax assets	1,389,355	2,115,951
Other noncurrent assets - net	18,504,672	14,237,573
Total Noncurrent Assets	292,088,759	281,127,048
TOTAL ASSETS	₱370,813,704	₱354,776,235

LIABILITIES AND EQUITY**Current Liabilities**

Short-term loans	₱4,906,800	₱4,155,600
Current portions of:		
Long-term debts	4,392,197	7,458,363
Finance lease obligation	2,968,491	2,968,491
Long-term obligation on power distribution system	40,000	40,000
Derivative liabilities	1,868	127,442
Trade and other payables	17,454,395	17,398,218
Income tax payable	990,307	654,392
Total Current Liabilities	₱30,754,058	₱32,802,506

(Forward)

	September 30, 2017 (Unaudited)	December 31, 2016 (Audited)
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts	₱162,404,132	₱150,263,301
Finance lease obligation	47,565,707	49,371,713
Long-term obligation on power distribution system	218,865	197,248
Derivative liabilities - net of current portion	-	233,435
Customers' deposits	7,375,326	6,831,242
Asset retirement obligation	1,922,908	1,821,577
Net pension liabilities	240,103	247,387
Deferred income tax liabilities	1,111,136	1,043,996
Other noncurrent liabilities	406,679	334,398
Total Noncurrent Liabilities	221,244,856	210,344,297
Total Liabilities	251,998,914	243,146,803
Equity Attributable to Equity Holders of the Parent		
Paid-in capital	19,947,498	19,947,498
Net unrealized loss on AFS investments	(42)	(3,311)
Share in net unrealized valuation gains on AFS investments of an associate	114,920	114,920
Cumulative translation adjustments	656,064	(78,232)
Share in cumulative translation adjustments of associates and joint ventures	(128,203)	(128,203)
Actuarial losses on defined benefit plans	(608,213)	(607,913)
Share in actuarial losses on defined benefit plans of associates and joint ventures	(1,878)	(1,878)
Acquisition of non-controlling interests	(259,147)	(259,147)
Excess of cost over net assets of investments	(526,883)	(526,883)
Retained earnings		
Appropriated	34,060,000	34,060,000
Unappropriated	58,335,703	52,597,568
	111,589,819	105,114,419
Non-controlling Interests	7,224,971	6,515,013
Total Equity	118,814,790	111,629,432
TOTAL LIABILITIES AND EQUITY	₱370,813,704	₱354,776,235

ABOITIZ POWER CORPORATION AND SUBSIDIARIES**CONSOLIDATED STATEMENTS OF INCOME**

(Amounts in Thousands, Except Earnings Per Share Amounts)

(Unaudited)

	Jan – Sep 2017	Jan – Sep 2016	Jul – Sep 2017	Jul – Sep 2016
OPERATING REVENUE	₱88,408,148	₱66,859,514	₱31,760,470	₱23,337,791
OPERATING EXPENSES	63,350,819	47,060,229	21,831,461	16,025,809
FINANCIAL INCOME (EXPENSES)				
Interest income	698,020	820,395	274,046	254,915
Interest expense	(8,899,201)	(5,382,512)	(3,710,972)	(1,782,227)
	(8,201,181)	(4,562,117)	(3,436,926)	(1,527,312)
OTHER INCOME (EXPENSES)				
Share in net earnings of associates and joint ventures	3,781,762	2,456,875	1,369,287	855,537
Others - net	(278,911)	1,427,062	(12,116)	(107,986)
	3,502,851	3,883,937	1,357,171	747,551
INCOME BEFORE INCOME TAX	20,358,999	19,121,105	7,849,254	6,532,221
PROVISION FOR INCOME TAX	3,112,381	2,868,302	1,370,142	981,584
NET INCOME	₱17,246,618	₱16,252,803	₱6,479,112	₱5,550,637
Attributable to:				
Equity holders of the parent	₱15,745,837	₱15,092,659	₱6,025,275	₱5,135,104
Minority interests	1,500,781	1,160,144	453,837	415,533
	₱17,246,618	₱16,252,803	₱6,479,112	₱5,550,637
EARNINGS PER COMMON SHARE				
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	₱2.14	₱2.05	₱0.82	₱0.70

See Note I for the computation of Earnings per Common Share.

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

(Unaudited)

	Jan – Sep 2017	Jan – Sep 2016	Jul – Sep 2017	Jul – Sep 2016
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	₱15,745,837	₱15,092,659	₱6,025,275	₱5,135,104
Non-controlling interests	1,500,781	1,160,144	453,837	415,533
Net Income	17,246,618	16,252,803	6,479,112	5,550,637
OTHER COMPREHENSIVE INCOME (LOSS)				
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>				
Movement in cumulative translation adjustments	734,295	(36,454)	705,650	65,165
Movement in net unrealized valuation gains on AFS investments	3,269	-	-	-
Share in movement in cumulative translation adjustment of associates and joint ventures	-	3,783	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	737,564	(32,671)	705,650	65,165
<i>Other comprehensive income (loss) that will not be reclassified to profit or loss in subsequent periods:</i>				
Actuarial gains (losses) on defined benefit plans, net of tax	(300)	112	-	112
Total other comprehensive income (loss), net of tax	737,264	(32,559)	705,650	65,277
TOTAL COMPREHENSIVE INCOME	₱17,983,882	₱16,220,244	₱7,184,762	₱5,615,914
Attributable to:				
Equity holders of the parent	₱16,483,101	₱15,060,100	₱6,730,925	₱5,200,381
Non-controlling interests	1,500,781	1,160,144	453,837	415,533
	₱17,983,882	₱16,220,244	₱7,184,762	₱5,615,914

ABOITIZ POWER CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2017, DECEMBER 31, 2016 AND SEPTEMBER 30, 2016
(Amounts in Thousands, Except Dividends Per Share Amounts)

(Unaudited)

	Attributable to Equity Holders of the Parent												
	Paid-in Capital	Net Unrealized Loss on AFS Investments	Share in Net Unrealized Valuation Gains on AFS Investments of an Associate	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates and Joint Ventures	Actuarial Gains (Losses) on Defined Benefit Plans	Share in Actuarial Gains (Losses) on Defined Benefit Plans of Associates and Joint Ventures	Acquisition of Non-controlling Interests	Excess of cost over net assets of investment	Retained Earnings		Non-controlling Interests	Total
										Appropriated	Unappropriated		
Balances at January 1, 2017	₱19,947,498	(₱3,311)	₱114,920	(₱78,232)	(₱128,203)	(₱607,913)	(₱1,878)	(₱259,147)	(₱526,883)	₱34,060,000	₱52,597,568	₱6,515,013	₱111,629,432
Net income	-	-	-	-	-	-	-	-	-	-	15,745,837	1,500,781	17,246,618
Other comprehensive income	-	3,269	-	734,295	-	(300)	-	-	-	-	-	-	737,264
Total comprehensive income (loss)	-	3,269	-	734,295	-	(300)	-	-	-	-	15,745,837	814,411	17,983,882
Cash dividends- ₱1.36 a share	-	-	-	-	-	-	-	-	-	-	(10,007,702)	-	(10,007,702)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,173,363)	(1,173,363)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	1,068,911	1,068,911
Balances at September 30, 2017	₱19,947,498	(₱42)	₱114,920	₱656,063	(₱128,203)	(₱608,213)	(₱1,878)	(₱259,147)	(₱526,883)	₱34,060,000	₱58,335,703	₱7,224,972	₱118,814,791
Balances at January 1, 2016	₱19,947,498	-	₱114,920	₱185,431	(₱256,376)	(₱609,066)	(₱3,748)	(₱259,147)	(₱421,260)	₱20,900,000	₱57,970,269	₱4,045,046	₱101,613,567
Net income	-	-	-	-	-	-	-	-	-	-	15,092,659	1,160,144	16,252,803
Other comprehensive income	-	-	-	(36,454)	3,783	112	-	-	-	-	-	-	(32,559)
Total comprehensive income (loss)	-	-	-	(36,454)	3,783	112	-	-	-	-	15,092,659	1,160,144	16,220,244
Acquisition of a subsidiary	-	-	-	-	-	(1,374)	1,374	-	(105,623)	-	-	-	(105,623)
Cash dividends - ₱1.66 a share	-	-	-	-	-	-	-	-	-	-	(12,215,283)	-	(12,215,283)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,446,778)	(1,446,778)
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(7)	(7)
Balances at September 30, 2016	₱19,947,498	-	₱114,920	₱148,977	(₱252,593)	₱(610,328)	(₱2,374)	(₱259,147)	(₱526,883)	₱20,900,000	₱60,847,645	₱3,758,405	₱104,066,120

(Forward)

Attributable to Equity Holders of the Parent

	Paid-in Capital	Net Unrealized Loss on AFS Investments	Share in Net Unrealized Valuation Gains on AFS Investments of an Associate	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates and Joint Ventures	Actuarial Gains (Losses) on Defined Benefit Plans	Share in Actuarial Gains (Losses) on Defined Benefit Plans of Associates and Joint Ventures	Acquisition of Non-controlling Interests	Excess of cost over net assets of investment	Retained Earnings		Non-controlling Interests	Total
										Appropriated	Unappropriated		
Balances at January 1, 2016	₱19,947,498	₱-	₱114,920	₱185,431	(₱256,376)	(₱609,066)	(₱3,748)	(₱259,147)	(₱421,260)	₱20,900,000	₱57,970,269	₱4,045,046	₱101,613,567
Net income for the year	-	-	-	-	-	-	-	-	-	-	20,002,582	1,501,524	21,504,106
Other comprehensive income	-	(3,311)	-	(5,697)	128,173	2,527	496	-	-	-	-	(50,966)	71,222
Total comprehensive income (loss) for the year	-	(3,311)	-	(5,697)	128,173	2,527	496	-	-	-	20,002,582	1,450,558	21,575,328
Acquisition of subsidiaries	-	-	-	(257,966)	-	(1,374)	1,374	-	(105,623)	-	-	2,584,442	2,220,853
Cash dividends - ₱1.66 a share	-	-	-	-	-	-	-	-	-	-	(12,215,283)	-	(12,215,283)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(1,614,684)	(1,614,684)
Appropriation during the year	-	-	-	-	-	-	-	-	-	13,160,000	(13,160,000)	-	-
Change in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	49,651	49,651
Balances at December 31, 2016	₱19,947,498	(₱3,311)	₱114,920	(₱78,232)	(₱128,203)	(₱607,913)	(₱1,878)	(₱259,147)	(₱526,883)	₱34,060,000	52,597,568	₱6,515,013	₱111,629,432

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

(Unaudited)

	Jan – Sep 2017	Jan – Sep 2016	Jul – Sep 2017	Jul – Sep 2016
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income tax	₱20,358,999	₱19,121,105	₱7,849,254	₱6,532,221
Adjustments for:				
Interest expense and other financing costs	8,899,201	5,382,512	3,710,972	1,782,227
Depreciation and amortization	5,680,409	4,520,569	1,996,206	1,620,477
Unrealized fair valuation loss on derivatives	13,979	120,095	(65,960)	(35,473)
Net unrealized foreign exchange loss	1,260,791	545,049	393,248	504,742
Write-off of project costs and other assets	1,175	169,469	181	-
Loss (gain) on sale of property, plant and equipment	(1,449)	(677)	(816)	1,211
Gain on redemption of shares	-	(16,051)	-	-
Gain on remeasurement in step acquisition	-	(354,736)	-	-
Interest income	(698,020)	(820,395)	(274,046)	(254,915)
Share in net earnings of associates and joint ventures	(3,781,762)	(2,456,875)	(1,369,287)	(855,537)
Operating income before working capital changes	31,733,323	26,210,065	12,239,752	9,294,953
Decrease (increase) in operating assets	(3,995,992)	(744,854)	(3,540,370)	1,363,341
Increase (decrease) in operating liabilities	717,901	3,592,149	1,298,885	(246,416)
Cash provided by (used in) operations	28,455,232	29,057,360	9,998,267	10,411,878
Income and final taxes paid	(1,771,411)	(2,932,490)	(222,142)	(1,296,320)
Net cash flows from operating activities	26,683,821	26,124,870	9,776,125	9,115,558
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash dividends received	3,286,846	3,333,115	1,235,701	231,377
Interest received	857,751	619,132	255,709	178,729
Additional investments	(250,093)	(621,053)	-	(107,131)
Proceeds from redemption of shares	8,809	57,076	-	5,100
Additions to property, plant and equipment	(12,422,379)	(22,515,489)	(4,603,251)	(8,755,679)
Additions to intangible - service concession rights	(60,250)	(41,901)	(39,014)	(17,899)
Increase in other noncurrent assets	(4,497,716)	(1,184,080)	(2,787,248)	(130,263)
Acquisition of subsidiary, net of cash	-	(517,204)	-	(164,410)
Net cash flows from (used in) investing activities	(13,077,032)	(20,870,404)	(5,938,103)	(8,760,176)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net availments (payments) of short-term loans	751,200	(984,500)	(343,000)	839,500
Proceeds from availment of long-term debt	36,984,000	31,550,646	36,159,000	11,039,586
Payments of long-term debt	(29,017,204)	(875,823)	(26,060,769)	(783,187)
Payments of finance lease obligation	(5,705,813)	(5,329,830)	(2,791,776)	(1,738,685)
Changes in non-controlling interests	(855,083)	(1,446,778)	(427,726)	(495,261)
Interest paid	(4,258,070)	(1,584,240)	(1,603,113)	(454,550)
Cash dividends paid	(10,007,702)	(12,215,283)	-	-
Net cash flows from (used in) financing activities	(12,108,672)	9,114,192	4,932,616	8,407,403
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,498,117	14,368,658	8,770,638	8,762,785
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS				
	16,807	268,727	7,431	310,119
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	47,094,741	51,098,269	39,831,596	56,662,750
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱48,609,665	₱65,735,654	₱48,609,665	₱65,735,654

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS SCHEDULES AND DISCLOSURES

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

A. Components of Other Comprehensive Income

	Jan-Sep 2017	Jan-Sep 2016
Movement in cumulative translation adjustments	P734,295	(P36,454)
Movement in unrealized gain on AFS investments	3,269	-
Actuarial gains (losses) on defined benefit plans	(300)	112
Share in movement in cumulative translation adjustments of associates and joint ventures	-	3,783
Other comprehensive income (loss) for the period – net of tax	P737,264	(P32,559)

B. Tax Effects Relating to Each Component of Other Comprehensive Income

	Jan-Sep 2017		
	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Movement in cumulative translation adjustments	P734,295	P-	P734,295
Movement in unrealized gain on AFS investments	3,269	-	3,269
Actuarial losses on defined benefit plans	(300)	-	(300)
Other comprehensive income for the period	P737,264	P-	P737,264

	Jan-Sep 2016		
	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Share in movement in cumulative translation adjustments of associates and joint ventures	P3,783	P-	P3,783
Movement in cumulative translation adjustments	(36,454)	-	(36,454)
Actuarial gains on defined benefit plans	112	-	112
Other comprehensive loss for the period	(P32,559)	P-	(P32,559)

C. Investments and Advances

The Group's associates and joint ventures and the corresponding equity ownership are as follows:

	Nature of Business	% Ownership
		September 30, 2017
Manila-Oslo Renewable Enterprise, Inc. (MORE) ¹	Holding company	83.33
Maaraw Holdings San Carlos, Inc. (MHSCI) ¹	Holding company	60.00
GNPower Dinginin Ltd. Co. (GNPD)	Power generation	50.00
Hijos de F. Escaño, Inc.	Holding company	46.73
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	43.78
Pampanga Energy Ventures, Inc.	Holding company	42.84
La Filipina Elektrika, Inc.	Power generation	40.00
San Carlos Sun Power, Inc. (SACASUN) ¹	Power generation	35.00
STEAG State Power, Inc. (STEAG)	Power generation	34.00
AEV Aviation, Inc. (AAI)	Service	26.69
Cebu Energy Development Corporation (CEDC)	Power generation	26.40
Redondo Peninsula Energy, Inc. (RPEI)	Power generation	25.00
Southern Philippines Power Corporation (SPPC)	Power generation	20.00
Western Mindanao Power Corporation (WMPC)	Power generation	20.00

¹ Joint ventures.

	September 30, 2017	December 31, 2016
Acquisition cost:		
Balance at beginning of the year	₱27,528,339	₱15,892,748
Additions during the year	250,093	11,821,307
Step acquisition to subsidiary	-	(144,691)
Redemptions during the year	(8,809)	(41,025)
Balance at end of period	27,769,623	27,528,339
Accumulated equity in net earnings:		
Balance at beginning of the year	3,618,877	7,340,367
Share in net earnings	3,781,762	3,641,210
Step acquisition to subsidiary	-	(87,437)
Dividends received or receivable	(3,288,846)	(7,275,263)
Balance at end of period	4,111,793	3,618,877
Share in net unrealized valuation gains on AFS investment of an associate	114,920	114,920
Share in actuarial losses on defined benefit plans of associates and joint ventures	(1,878)	(1,878)
Share in cumulative translation adjustments of associates and joint ventures	(128,203)	(128,203)
	31,866,255	31,132,055
Less allowance for impairment losses	568,125	568,125
Investments at equity	31,298,130	30,563,930
Advances	32,059	32,059
	₱31,330,189	₱30,595,989

D. Joint Operations

Name of Joint Operation	Nature of Business	Percentage of Ownership
		September 30, 2017
Pagbilao Energy Corporation (PEC)	Power generation	50.00

* PEC's principal place of business and country of incorporation is the Philippines;
No commercial operations as of September 31, 2017.

The Group's share of assets, liabilities, revenue, expenses and cash flows of joint operations are included in the consolidated financial statements on a line-by-line basis.

E. Trade and Other Payables

	September 30, 2017	December 31, 2016
Trade payables	₱6,041,926	₱7,591,617
Others	11,412,469	9,662,993
	₱17,454,395	₱17,254,610

Trade payables are non-interest bearing and generally on 30-day terms.

Others include nontrade payables, output VAT, amounts due to contractors, accrued taxes and fees, withholding taxes and other accrued expenses and are generally payable within 12 months from the balance sheet date.

F. Short-term Loans

	Interest Rate	September 30, 2017	December 31, 2016
Peso loans – financial institutions - unsecured	2.50% - 3.10%	₱4,606,800	₱1,596,100
Temporary advances	2.50%	300,000	2,559,500
		₱4,906,800	₱4,115,600

G. Long-term Debts

	Interest Rate	September 30, 2017	December 31, 2016
Company			
Bonds due 2021	6.10%	₱6,600,000	₱6,600,000
Bonds due 2026	5.21%	3,400,000	3,400,000
Bonds due 2027	5.34%	3,000,000	–
Subsidiaries:			
TPI			
Financial institutions - unsecured	LIBOR + 1.10%	31,683,153	31,000,420
TVI			
Financial institutions - secured	6.02% - 6.23%	29,385,000	27,570,000
GMCP			
Financial institutions - secured	LIBOR + 1.7% - 4.00%	30,489,000	–
Financial institutions - secured	LIBOR + 2.5% - 7.65%	–	27,116,791
TSI			
Financial institutions - secured	4.50% - 5.14%	23,315,212	23,970,380
APRI			
Financial institutions - secured	4.53% - 6.00%	10,624,640	11,874,880
Hedcor Bukidnon			
Financial institutions - secured	5.28% - 6.00%	5,677,700	5,677,700
Hedcor Sibulan			
Fixed rate corporate notes	4.11% - 5.32%	4,100,000	4,100,000
Aseagas			
Financial institutions - secured	4.66% - 5.06%	2,368,421	2,434,209
VECO			
Financial institution - unsecured	3.50% - 4.81%	1,379,000	1,379,000
LHC			
Financial institutions - secured	2.00% - 2.75%	1,293,243	1,369,631
DLP			
Financial institution - unsecured	3.50% - 4.81%	1,034,250	1,034,250
HI			
Financial institution - secured	5.25%	540,000	630,000
SEZ			
Financial institution - unsecured	5.61% - 6.06%	226,000	282,500
CLP			
Financial institution - unsecured	3.50% - 4.81%	206,850	206,850
Joint operation (see Note D)			
Financial institutions - secured	4.70% - 6.68%	13,298,500	11,723,500
		168,620,969	160,370,111
Add: unamortized portion of embedded derivatives		–	518,150
Less: deferred financing costs		(1,824,640)	(3,166,597)
		166,796,329	157,721,664
Less current portion - net of deferred financing costs		4,392,197	7,458,363
		₱162,404,132	₱150,263,301

H. Debt Securities

The Company registered and issued ₱10 billion worth of peso denominated fixed rate retail bonds on September 10, 2014.

On July 3, 2017, the Company issued the first tranche on the ₱30 billion registered in June 2017.

Terms of the bonds are as follows:

MATURITY	INTEREST RATE	AMOUNT
12-year bonds to mature on September 10, 2026	6.10%/p.a.	₱3,400,000
10-year bonds to mature on September 10, 2021	5.21%/p.a.	₱6,600,000
10-year bonds to mature on July 3, 2027	5.3367%/p.a.	₱3,000,000

I. Earnings Per Common Share

Earnings per common share amounts were computed as follows:

	Jan-Sep 2017	Jan-Sep 2016
a. Net income attributable to equity holders of the parent	₱15,745,837	₱15,092,659
b. Weighted average number of common shares issued and outstanding	7,358,604,307	7,358,604,307
Earnings per common share (a/b)	₱2.14	₱2.05

There are no dilutive potential common shares as of September 30, 2017 and 2016.

J. Operating 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's 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, ancillary service procurement agreements 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 holding companies, retail electricity sales to various off takers that are considered to be eligible contestable customers 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. Capital expenditures consist of additions of property, plant and equipment and intangible asset - service concession rights. 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:

September 30, 2017

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱43,175,767	₱32,984,286	₱12,854,830	(₱606,735)	₱88,408,148
Inter-segment	14,411,127	-	2,054,239	(16,465,366)	-
Total Revenue	₱57,586,894	₱32,984,286	₱14,909,069	(₱17,072,101)	₱88,408,148
Segment Results	₱20,373,774	₱4,152,179	₱531,376	₱-	₱25,057,329
Unallocated corporate income - net	(804,744)	502,853	22,980	-	(278,911)
INCOME FROM OPERATIONS	₱19,569,030	₱4,655,032	₱554,356	-	₱24,778,418
Interest expense	(7,442,035)	(212,414)	(1,244,752)	-	(8,899,201)
Interest income	301,725	24,547	371,748	-	698,020
Share in net earnings of associates and joint ventures	3,611,745	168,236	16,204,193	(16,202,411)	3,781,762
Provision for income tax	(1,648,813)	(1,217,441)	(246,127)	-	(3,112,381)
NET INCOME	₱14,391,652	₱3,417,960	₱15,639,418	(₱16,202,411)	₱17,246,618
OTHER INFORMATION					
Investments	₱30,049,040	₱819,079	₱111,772,120	(₱111,342,109)	₱31,298,130
Segment Assets	₱256,567,389	₱25,649,791	₱145,042,592	(₱56,446,068)	₱370,813,704
Segment Liabilities	₱172,333,599	₱19,015,435	₱61,468,845	(₱818,965)	₱251,998,914
Depreciation and Amortization	₱4,888,885	₱656,982	₱17,197	₱117,345	₱5,680,409

September 30, 2016

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱27,310,308	₱33,329,948	₱6,219,258	₱-	₱66,859,514
Inter-segment	11,021,058	-	2,115,870	(13,136,928)	-
Total Revenue	₱38,331,366	₱33,329,948	₱8,335,128	(13,136,928)	₱66,859,514
Segment Results	₱15,309,343	₱4,090,592	₱399,350	₱-	₱19,799,285
Unallocated corporate income – net	448,732	569,709	408,621	-	1,427,062
INCOME FROM OPERATIONS	15,758,075	4,660,301	807,971	-	₱21,226,347
Interest expense	(4,755,315)	(155,708)	(471,489)	-	(5,382,512)
Interest income	535,393	17,379	267,623	-	820,395
Share in net earnings of associates and joint ventures	2,358,221	97,664	14,910,414	(14,909,424)	2,456,875
Provision for income tax	(1,483,289)	(1,218,341)	(166,672)	-	(2,868,302)
NET INCOME	₱12,413,085	₱3,401,295	₱15,347,847	(₱14,909,424)	₱16,252,803
OTHER INFORMATION					
Investments	₱21,657,617	₱923,805	₱100,164,661	(₱99,929,481)	₱22,816,602
Segment Assets	₱231,927,342	₱24,478,675	₱124,922,886	(₱100,393,416)	₱280,935,487
Segment Liabilities	₱145,590,272	₱18,780,649	₱24,304,392	(₱11,805,946)	₱176,869,367
Depreciation and Amortization	₱3,868,158	₱557,641	₱15,935	₱78,835	₱4,520,569

K. 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, short-term loans, trade and other payables, finance lease obligation, long-term obligation on power distribution system and customers' deposits, which generally 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.

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. 3.28% of the Group's debt will mature in less than one year as of September 30, 2017 (December 31, 2016: 4.81%). 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 tables summarize the maturity profile of the Group's financial liabilities as of September 30, 2017 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	₱14,317,238	₱14,317,238	₱ 7,932	₱14,309,306	₱-	₱-
Customers' deposits	7,375,326	7,375,326	-	-	55,266	7,320,060
Short-term loans	4,906,800	4,906,800	300,000	4,606,800	-	-
Finance lease obligation	50,534,198	75,541,109	-	8,152,237	38,686,073	28,702,799
Long-term obligation on power distribution system	258,865	440,000	-	40,000	200,000	200,000
Long-term debts	166,796,329	168,620,969	-	4,392,197	65,147,085	99,081,687
Derivative liabilities	1,868	1,868	-	1,868	-	-
	₱244,190,624	₱271,203,310	₱307,932	₱31,502,408	₱104,088,424	₱135,304,546

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 September 30 2017, 25% of the

Group's long-term debt had annual floating interest rates ranging from 2.00% to 2.75%, and 75% have annual fixed interest rates ranging from 4.28% to 6.68%. As of December 31, 2016, 25% of the Group's long-term debt had annual floating interest rates ranging from 1.88% to 3.00%, and 75% have annual fixed interest rates ranging from 4.28% to 7.65%.

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

As of September 30, 2017

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱616,236	₱36,376,410	₱4,376,360	₱41,369,006

As of December 31, 2016

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱1,608,637	₱38,308,317	₱-	₱39,916,954

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 non-interest-bearing and are therefore not subject to interest rate risk. The Group's derivative assets 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
September 30, 2017	200	(₱827,380)
	(100)	413,690
September 30, 2016	200	(₱29,912)
	(100)	14,956

The Group's sensitivity to an increase/decrease in interest rates pertaining to derivative instruments is expected to be insignificant due to their short-term maturities and immateriality relative to the total assets and liabilities of the Group.

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

The interest expense and other finance charges recognized according to source are as follows:

	Jan-Sep 2017	Jan-Sep 2016
Short-term loans and long-term debt	₱5,485,776	₱2,032,908
Finance lease obligation	3,389,119	3,252,307
Customers' deposits	2,689	2,264
Other long-term obligations	21,617	95,033
	₱8,899,201	₱5,382,512

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 the adverse impact of changes in foreign exchange rates on financial performance and cash flows. Foreign currency denominated borrowings account for 40% of total consolidated borrowings as of September 30, 2017 and December 31, 2016.

Presented below are the Group's foreign currency denominated financial assets and liabilities as of September 30, 2017 and December 31, 2016, translated to Philippine Peso:

	September 30, 2017		December 31, 2016	
	US Dollar	Philippine Peso equivalent ¹	US Dollar	Philippine Peso equivalent ²
Loans and receivables:				
Cash and cash equivalents	\$356,241	₱18,102,386	\$14,990	₱745,303
Trade and other receivables	1,068	54,248	266	13,231
Derivative assets	2,284	116,046	1,098	54,595
Total financial assets	359,593	18,272,680	16,354	813,129
Other financial liabilities:				
Trade and other payables	13,737	698,055	26,578	1,321,455
Long-term debt	623,500	31,683,153	623,500	31,000,420
Finance lease obligation	528,728	26,867,313	555,448	27,616,875
Total financial liabilities	1,165,965	59,248,521	1,205,526	59,938,750
Total net financial liabilities	(\$806,372)	(₱40,975,841)	(\$1,189,172)	(₱59,125,621)

¹\$1 = ₱50.82

²\$1 = ₱49.72

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 September 30, 2017:

	Increase/ (decrease) in US Dollar	Effect on income before tax
US Dollar denominated accounts	US Dollar strengthens by 5%	(₱2,048,792)
US Dollar denominated accounts	US Dollar weakens by 5%	2,048,792

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 comprehensive 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 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 September 30, 2017 and December 31, 2016 is summarized in the following table:

	September 30, 2017	December 31, 2016
Power distribution:		
Industrial	₱4,299,137	₱3,589,973
Residential	1,743,944	1,324,289
Commercial	723,008	545,173
City street lighting	19,228	31,196
Power generation:		
Power supply contracts	9,293,159	6,945,891
Spot market	1,345,534	1,480,162
	₱17,424,010	₱13,916,684

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 and finance lease obligation) less cash and short-term deposits (including restricted cash).

Gearing ratios of the Group as of September 30, 2017 and December 31, 2016 are as follows:

	September 30, 2017	December 31, 2016
Short-term loans	₱4,906,800	₱4,155,600
Long-term debt	217,330,527	210,061,868
Cash and cash equivalents	(48,609,665)	(47,094,741)
Restricted cash	(2,505,876)	(2,100,611)
Net debt (a)	171,121,786	165,022,116
Equity	118,814,790	111,629,432
Equity and net debt (b)	₱289,936,576	₱276,651,548
Gearing ratio (a/b)	59.0%	59.6%

No changes were made in the objectives, policies or processes during the period ended September 30, 2017 and December 31, 2016.

L. Financial Instruments

Fair Value of Financial Instruments

Fair value is defined as the amount at which the financial instrument could be sold in a current transaction 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 no 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.

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments whose fair values are different from their carrying amounts.

	September 30, 2017		December 31, 2016	
	Carrying Amounts	Fair Values	Carrying Amounts	Fair Values
Financial Liabilities				
Finance lease obligation	₱50,534,198	₱44,714,448	₱52,340,204	₱49,699,074
Long-term debt - fixed rate	125,427,323	120,284,724	117,804,710	117,710,942
Long-term obligation on power distribution system	258,865	341,356	237,248	414,135
	₱176,220,386	₱165,340,528	₱170,382,162	₱167,824,151

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

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.

Derivative financial instruments. The fair value of forward contracts 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. The fair value of the embedded prepayment options is determined using Binomial Option Pricing Model which allows for the specification of points in time until option expiry date. This valuation incorporates inputs such as interest rates and volatility. The fair value of the interest rate swap and interest rate cap are determined by generally accepted valuation techniques with reference to observable market data such as interest rates.

The movements in fair value changes of all derivative instruments for the period ended September 30, 2017 and for the year ended December 31, 2016 are as follows:

	September 30, 2017	December 31, 2016
At beginning of year	₱805,310	₱563,366
Additions due to business combinations	-	523,752
Net changes in fair value of derivatives designated as accounting hedges	(37,255)	36,859
Net changes in fair value of derivatives not designated as accounting hedges	(13,979)	(127,039)
Fair value of settled instruments	(504,025)	(191,628)
At end of period	₱250,051	₱805,310

Fair Value Hierarchy

The Group 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; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As of September 30, 2017, the Group held the following financial instruments that are measured and carried or disclosed at fair value:

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
Derivative asset	₱251,919	₱-	₱251,919	₱-
Derivative liability	1,868	-	1,868	-
Disclosed at fair value:				
Finance lease obligation	44,714,448	-	-	44,714,448
Long-term debt - fixed rate	120,284,724	-	-	120,284,724
Long-term obligation on PDS	341,356	-	-	341,356

During the period ended September 30, 2017, there were no transfers between level 1 and level 2 fair value measurements and transfers into and out of level 3 fair value measurement.

M. Disclosures

1. Corporate Information

Aboitiz Power Corporation (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on February 13, 1998. The Company is a publicly-listed holding company of the entities engaged in power generation and power distribution in the Aboitiz Group. As of September 30, 2017, Aboitiz Equity Ventures, Inc. (AEV, also incorporated in the Philippines) owns 76.88% of the Company. The ultimate parent of the Company is Aboitiz & Company, Inc. (ACO).

The registered office address of the Company is 32nd street, Bonifacio Global City, Taguig City, Metro Manila.

2. Group Information

The consolidated financial statements comprise the financial statements of the Company, subsidiaries controlled by the Company and joint operation that are subject to joint control (collectively referred to as “the Group”). The following are the subsidiaries as of September 30, 2017 and December 31, 2016:

	Nature of Business	Percentage Ownership			
		September 30, 2017		December 31, 2016	
		Direct	Indirect	Direct	Indirect
Aboitiz Renewables, Inc. (ARI) and Subsidiaries	Power generation	100.00	-	100.00	-
AP Renewables, Inc. (APRI)	Power generation	-	100.00	-	100.00
Hedcor, Inc. (HI)	Power generation	-	100.00	-	100.00
Hedcor Sibulan, Inc. (HSI)	Power generation	-	100.00	-	100.00
Hedcor Tudaya, Inc. (Hedcor Tudaya)	Power generation	-	100.00	-	100.00
Luzon Hydro Corporation (LHC)	Power generation	-	100.00	-	100.00
AP Solar Tiwi, Inc.*	Power generation	-	100.00	-	100.00
Aseagas Corporation (Aseagas)*	Power generation	-	100.00	-	100.00
Bakun Power Line Corporation*	Power generation	-	100.00	-	100.00
Cleanergy, Inc.*	Power generation	-	100.00	-	100.00
Cordillera Hydro Corporation*	Power generation	-	100.00	-	100.00
Hedcor Benguet, Inc.*	Power generation	-	100.00	-	100.00
Hedcor Bukidnon, Inc. (Hedcor Bukidnon)*	Power generation	-	100.00	-	100.00
Hedcor Kabayan, Inc.*	Power generation	-	100.00	-	100.00
Hedcor Ifugao, Inc.*	Power generation	-	100.00	-	100.00
Hedcor Kalinga, Inc.*	Power generation	-	100.00	-	100.00

	Nature of Business	Percentage Ownership			
		September 30, 2017		December 31, 2016	
		Direct	Indirect	Direct	Indirect
Hedcor Itogon Inc.*	Power generation	–	100.00	–	100.00
Hedcor Manolo Fortich, Inc.*	Power generation	–	100.00	–	100.00
Hedcor Mt. Province, Inc.*	Power generation	–	100.00	–	100.00
Hedcor Sabangan, Inc. (Hedcor Sabangan)	Power generation	–	100.00	–	100.00
Hedcor Tamugan, Inc.*	Power generation	–	100.00	–	100.00
Kookaburra Equity Ventures, Inc.	Holding company	–	100.00	–	100.00
Mt. Apo Geopower, Inc.*	Power generation	–	100.00	–	100.00
Negron Cuadrado Geopower, Inc. (NCGI)*	Power generation	–	100.00	–	100.00
Tagoloan Hydro Corporation*	Power generation	–	100.00	–	100.00
Luzon Hydro Company Limited*	Power generation	–	100.00	–	100.00
Hydro Electric Development Corporation*	Power generation	–	99.97	–	99.97
Therma Power, Inc. (TPI) and Subsidiaries	Power generation	100.00	–	100.00	–
Therma Luzon, Inc. (TLI)	Power generation	–	100.00	–	100.00
Therma Marine, Inc. (Therma Marine)	Power generation	–	100.00	–	100.00
Therma Mobile, Inc. (Therma Mobile)	Power generation	–	100.00	–	100.00
Therma South, Inc. (TSI)	Power generation	–	100.00	–	100.00
Therma Power-Visayas, Inc.*	Power generation	–	100.00	–	100.00
Therma Central Visayas, Inc.*	Power generation	–	100.00	–	100.00
Therma Subic, Inc.*	Power generation	–	100.00	–	100.00
Therma Mariveles Holdings L.P.	Holding company	–	100.00	–	100.00
Therma Mariveles, LLC	Holding company	–	100.00	–	100.00
Therma Mariveles Consulting Services, LLC	Holding company	–	100.00	–	100.00
Therma Mariveles Holding Cooperatief U.A.	Holding company	–	100.00	–	100.00
Therma Mariveles Camaya B.V.	Holding company	–	100.00	–	100.00
Therma Mariveles Holdings, Inc.	Holding company	–	100.00	–	100.00
GNPower Mariveles Coal Plant Ltd. Co. (GMCP)	Power generation	–	82.82	–	82.82
Therma Dinginin L.P.	Holding company	–	100.00	–	100.00
Therma Dinginin, LLC	Holding company	–	100.00	–	100.00
Therma Dinginin Offshore Services Inc.	Holding company	–	100.00	–	100.00
Therma Dinginin Holding Cooperatief U.A.	Holding company	–	100.00	–	100.00
Therma Dinginin B.V.	Holding company	–	100.00	–	100.00
Therma Dinginin Holdings, Inc.	Holding company	–	100.00	–	100.00
AboitizPower International Pte. Ltd.	Holding company	100.00	–	100.00	–
Aboitiz Energy Solutions, Inc. (AESI)	Retail electricity supplier	100.00	–	100.00	–
Adventenergy, Inc. (AI)	Retail electricity supplier	100.00	–	100.00	–
Balamban Enerzone Corporation (BEZ)	Power distribution	100.00	–	100.00	–
Lima Enerzone Corporation (LEZ)	Power distribution	100.00	–	100.00	–
Mactan Enerzone Corporation (MEZ)	Power distribution	100.00	–	100.00	–
East Asia Utilities Corporation (EAUC)	Power generation	50.00	50.00	50.00	50.00
Cotabato Light and Power Company (CLP)	Power distribution	99.94	–	99.94	–
Cotabato Ice Plant, Inc.	Manufacturing	–	100.00	–	100.00
Davao Light & Power Company, Inc. (DLP)	Power distribution	99.93	–	99.93	–
Subic Enerzone Corporation (SEZ)	Power distribution	65.00	34.98	65.00	34.98
Cebu Private Power Corporation (CPPC)	Power generation	60.00	–	60.00	–
Prism Energy, Inc. (PEI)*	Retail electricity supplier	60.00	–	60.00	–
Visayan Electric Company (VECO)	Power distribution	55.26	–	55.26	–

* No commercial operations as of September 30, 2017.

3. Basis of Financial Statement Preparation and Changes in Accounting Policies

Basis of Financial Statement Preparation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2016 annual audited consolidated financial statements, and should be read in conjunction with the Group's consolidated financial statements as of and for the year ended December 31, 2016.

The preparation of the financial statements in compliance with Philippine Financial Reporting Standards (PFRS) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited condensed consolidated financial

statements are based upon management's evaluation of relevant facts and circumstances as of the date of the unaudited condensed consolidated financial statements. Actual results could differ from such estimates.

The unaudited condensed consolidated financial statements of the Group are presented in Philippine peso, the Group's functional currency, and rounded to the nearest thousands except for earnings per share and exchange rates and when otherwise indicated.

On November 7, 2017, the Audit Committee of the BOD approved and authorized the release of the accompanying unaudited condensed consolidated financial statements of the Group.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year except for the new and revised PFRS and Philippine Interpretations which the Group has adopted starting January 1, 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Except as otherwise indicated, adoption of these new and revised standards and interpretations did not have any significant impact on the Group's financial statements:

- Amendment to PFRS 12, *Clarification of the Scope of the Standard (Part of Annual Improvements to PFRSs 2014-2016 cycle)*

The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

- Amendments to PAS 7, *Statement of Cash Flows, Disclosure Initiative*

The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods.

The Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended December 31, 2017.

- Amendments to PAS 12, *Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses*

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

4. 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, Hedcor Tudaya, Hedcor Sabangan 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.

5. Property, Plant and Equipment

During the nine months ended September 30, 2017, the Group's additions to property, plant and equipment amounted to ₱12.48 billion, including acquisition of distribution assets amounting to ₱1.77 billion, and costs relating to the construction of power plant facilities.

A significant portion of the Group's property, plant and equipment relates to various projects under "Construction in progress" as of September 30, 2017, as shown below:

Project Company	Estimated cost to complete (in millions)	% of completion
TVI	₱12,078	69%
PEC (see Note D)	7,219	67%
Hedcor Bukidnon	3,949	65%

For the period, construction costs for the various projects amounted to ₱9.73 billion, which includes capitalized borrowing costs amounting to ₱2.10 billion.

6. Material Events and Changes

a) Acquisition of additional interest in San Carlos Sun Power Inc. (“Sacasun”)

On July 10, 2017, the Company, through AboitizPower International Pte. Ltd. (API), signed a compromise agreement with SunE Solar B.V. (“SunE Solar”), for API to acquire the entire issued and outstanding shares of SunE Solar in Sunedison Philippines Helios BV (SPHBV). SPHBV owns 40% equity interest in MHSCI and Sacasun.

The compromise agreement settles the joint venture issues and provides an exit for SPHBV in the Sacasun project. It will also enable API to acquire all the interests of SunE Solar in MHSCI and Sacasun. As a result, the Company, which already owns 60% of MHSCI and Sacasun, through ARI, will increase its ownership to 100%.

The transaction is subject to certain conditions precedents, and is currently pending for approval by the Philippine Competition Commission (PCC) or for confirmation by the PCC that PCC notification is not necessary for the sale.

b) ₱3 billion bond issuance

On June 19, 2017, the Company obtained the approval of the SEC in relation to its application for the issuance of fixed-rate retail bonds in the aggregate amount of up to ₱30 billion (the “Bonds”).

The first tranche equivalent to ₱3 billion was issued on July 3, 2017, while the remaining balance shall be lodged under the shelf registration program of the SEC to be issued in future tranches. The first tranche has a fixed interest rate of 5.3367% per annum and will mature on July 3, 2027.

The Bonds have been rated “PRS Aaa” by Philippine Rating Services Corporation.

c) Dividend declaration

On March 7, 2017, the BOD approved the declaration of regular cash dividends of ₱1.36 a share (₱10.01 billion) to all stockholders of record as of March 21, 2017. These dividends were paid on April 10, 2017.

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 and 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.

7. 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.

8. Contingencies

The Group is a party to certain proceedings and legal cases with other parties in the normal course of business. The ultimate outcome of these proceedings and legal cases cannot be presently determined. Management, in consultation with its legal counsels, believes that it has substantial legal and factual bases for its positions and is currently of the opinion that the likely outcome of these proceedings and legal cases will not have a material adverse effect on the Group's financial position and operating results. It is possible, however, that the future results of operations could be materially affected by changes in estimates or in the effectiveness of the strategies relating to these proceedings and legal cases.

The Company obtained Standby Letters of Credit and is acting as surety for the benefit of certain associates and a subsidiary in connection with loans and credit accommodations.

N. Schedule of Relevant Financial Ratios

	Formula	September 30, 2017	December 31, 2016
LIQUIDITY RATIOS			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	2.6	2.2
Acid test ratio	$\frac{\text{Cash + Marketable securities} + \text{Accounts receivable} + \text{Other liquid assets}}{\text{Current liabilities}}$	2.2	1.9
SOLVENCY RATIOS			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	2.1	2.2
Asset to equity ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	3.1	3.2
Net debt to equity ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total Equity}}$	1.4	1.5
Gearing ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total Equity}} + (\text{Debt - Cash \& cash equivalents})$	59.0%	59.6%
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	n.a.	4.8
PROFITABILITY RATIOS			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	n.a.	29.5%
Return on equity *	$\frac{\text{Net income after tax}}{\text{Total equity}}$	n.a.	22.6%

*Ratio marked * is deemed not applicable (n.a.) for the interim reporting period since this would not be comparable to the ratio reported in the previous period.*

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

1.) AGING OF RECEIVABLES

As of September 30, 2017

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade receivables					
Power Distribution Customers	2,617,507	793,828	133,821	653,232	4,198,388
Power Generation Customers	5,856,319	1,979,476	187,358	2,615,540	10,638,693
Management & Other Services Customers	2,582,944	-	-	3,985	2,586,929
	11,056,770	2,773,304	321,179	3,272,757	17,424,010
Less : Allowance for impairment losses					1,987,979
Net trade receivables					15,436,031
Non-trade receivables	2,757,008	9,519	153,732	146,710	3,066,969
Grand Total	13,813,778	2,782,823	474,911	3,419,467	18,503,000

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