COVER SHEET

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S.E.C. Registration Number

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

(Company's Full Name)

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

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

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

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

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

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

Secondary License Type, if Applicable

S E C

Dept. Requiring this Doc

Amended Articles Number/Section

	x	
Total No. of Stockholders	Domestic	Foreign

- -

To be accomplished by SEC Personnel concerned

File Number

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended MARCH 31, 2013

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

Cebu City, Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

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

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

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

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common Stock P1 Par Value	7,358,604,307
Amount of Debt Outstanding	₱58,142,952,000

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

Yes [x] No [ ]

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

Philippine Stock Exchange Common

12. Indicate by check mark whether the registrant:

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

Yes [x]   No [ ]

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

Yes [x]   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 (AP, AboitizPower or the Company) consolidated financial condition and results of operations should be read in conjunction with the consolidated financial statements and accompanying schedules and disclosures set forth elsewhere in this report.

Top Five Key Performance Indicators

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

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

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

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

3. **Cash Flow Generated.** Using the Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in identifying the impact on cash flow when the Group's activities are in a state of growth or decline, and in evaluating management's efforts to control the impact.

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

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

The table below shows the comparative figures of the top five key performance indicators for the first three months of 2013 and 2012, and as of December 31, 2012:

Amounts in thousands except for financial ratios

	MAR 2013	MAR 2012	DEC 2012
SHARE IN NET EARNINGS OF ASSOCIATES	**960,121**	2,010,910	
EBITDA	**6,875,533**	7,976,509	
CASH FLOW GENERATED:			
Net cash flows from operating activities	**4,716,330**	6,216,582	
Net cash flows from (used in) investing activities	**(96,129)**	393,448	
Net cash flows used in financing activities	**(11,809,943)**	(1,371,119)	
Net increase (decrease) in cash & cash equivalents	**(7,189,742)**	5,238,911	
Cash & cash equivalents, beginning	**30,678,493**	23,391,561	
Cash & cash equivalents, end	**23,479,511**	28,573,797	
CURRENT RATIO	**3.50**		2.65
DEBT-TO-EQUITY RATIO	**0.80**		0.97

Lower income contributions from the following companies led to the ₱1.05 billion (bn) or 52% drop in the Company's Share in Net Earnings of Associates:

- Lower Ancillary Revenues at SNAP-Magat and SNAP-Benguet due to lower acceptance rates under their ancillary contracts with the National Grid Corporation of the Philippines (NGCP) led to the combined 76% drop in net income contribution to the Company.

- STEAG State Power Inc.'s (STEAG) income contribution to the Company continues to erode owing to the contractual rebasing of its tariffs which led to lower gross margins.

The Company's Current ratio as of March 31, 2013 improved from 2.65x as of the end of 2012 to 3.50x as of the end of March, 2013. The decline in the Company's current assets were more than made up by the degree of the decline in the Company's current liabilities.

Debt to equity ratio improved from 0.97x as of December 31, 2012 to 0.80x as of March 31, 2013. The improvement comes from a decrease in the Group's total liabilities versus an increase in Equity.

Results of Operations

The Company's first quarter 2013 consolidated net income came in at ₱4.59 bn, a decrease of 18% versus prior year. Adjusted for the following one off items 1) non-recurring expenses of ₱92 million (mn) arising from debt prepayments by the parent company and a hydro subsidiary and 2) the revaluation of consolidated dollar loans and placement which resulted to ₱154 mn in non-recurring foreign exchange gain, the Core net income of the Company as of March 31, 2013 amounted to ₱4.53 bn.

Power Generation

The ₱3.97 bn contribution of the Generation group is a steep drop from last year's ₱5.08 bn. The drop is mainly attributable to weak ancillary sales volumes as NGCP lowered its acceptance rates in the first three months of this year. Lower water levels also affected the large hydros ability to sell power to the spot market.

Average price for power decreased by 11% YOY as lower demand in the first two months and lower plant outages in the first quarter, drove spot prices to be lower by at least 6% compared to the same period last year.

The Company's efforts to shift to de-risked capacity based contracts has also decreased BCQ average selling prices to its customers by 10%.

Overall, net generation came in flat at 2,450 GWh for the period. Power sales through bilateral contracts went down by 11% YOY to 1,948 GWh while spot market sales was up from 256 GWh last year to 502 GWh for the period in review.

Power Distribution

The income contribution coming from the distribution group grew 2% YOY. The group's temperate growth came on the heels of close to flat growth in electricity sales increasing by only 1% over the prior years, while gross margins also grew at the same rate.

Electricity sales for the group's residential and commercial customers increased by 3% and 2% respectively but was offsetted by a half percent decline in the industrial customer segment. The decline is primarily noted at Davao Light & Power Company, Inc. (Davao Light) which saw its industrial sales decrease by 1% as it continued to feel the effects of Typhoon Pablo on the banana and coconut plantations in its franchise area. Also impacting the sale of electricity to the group's industrial segment is the shutdown of CEMEX in the months of February and March due to plant rehabilitation. CEMEX is an industrial customer of the Visayan Electric Company, Inc. (VECO).

The distribution group managed to improve its systems losses at both Cotabato Light & Power Company (Cotabato Light) and VECO showing reductions of 0.8 and 2.7 percentage points respectively. Gross margin for the period in review was an average of ₱1.63 per kWh versus ₱1.64 per kWh for the same period last year.

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

Consolidated Statements of Income
(January – March 2013 vs. January – March 2012)

The various movements in the revenue and expense line items leading to the consolidated net income of ₱4.59 bn are shown below:

Consolidated net income attributable to equity holders of the Parent (January – March 2012)	₱ 5,599,833
Decrease in operating revenues	(1,792,929)
Decrease in operating expenses	1,679,964
Decrease in share in net earnings of associates	(1,050,789)
Decrease in interest income	(5,018)
Decrease in interest expense	405,312
Decrease in other income	(360,041)
Lower provision for taxes	106,389
Decrease in income attributable to non-controlling interests	12,107
Total	1,005,005
Consolidated net income attributable to equity holders of the Parent (January – March 2013)	₱4,594,828

<u>Operating Revenues</u>
(12% decrease from ₱15.10 bn to ₱13.30 bn)

A decrease in distribution revenues came from lower operating revenues at Davao Light, Subic Enerzone Corporation (SEZ) and Balamban Enerzone Corporation (BEZ) due to lower revenues from their industrial customers. Davao Light in particular continues to be impacted by the slow down on its major industrial customers - the banana and coconut plantations- after Typhoon Pablo.

On a consolidated level, operating revenues of generating companies declined by 15% which is accounted for in the following companies: 1) Therma Luzon, Inc. (TLI) whose sales volume remained flat while its selling prices on its bilateral contracts dropped. 2) AP Renewables, Inc. (APRI) noted a 12% drop in both sales volume and average selling prices.

<u>Operating Expenses</u>
(17% decrease from ₱10.10 bn to ₱8.42 bn)

The various factors leading to lower operating expenses during the period are presented below:

- Decrease in coal costs and purchased power costs at TLI;
- Lower steam costs at APRI;
- Lower operating expenses at the small hydro companies, Hedcor, Inc, Hedcor Sibulan, Inc. (Hedcor Sibulan) and Luzon Hydro Corporation (LHC); and
- Lower operating costs of two Ecozone Distribution utilities, SEZ and BEZ.

<u>Share in Net Earnings of Associates</u>
(52% decrease from ₱2.01 bn to ₱960 mn)

The ₱1.05 bn drop in the Company's share in net earnings of associates is mainly attributable to the decreased contributions from the two large hydro companies SNAP-Magat and SNAP-Benguet.

The contributions from both companies yielded to the pressure brought about by the significantly lower acceptance rates by NGCP, on its ancillary services. Meanwhile, lower water levels at both impounding dams have led to limited sales to the spot market.

STEAG's income contribution also lagged behind last year's with the lower margins from its rebased tariffs.

VECO managed to contribute higher this period than last year with the continued improvement in its gross margins and reduction in its systems losses.

Interest Income
(3% decrease from ₱171 mn to ₱166 mn)

Lower cash balances held by the Parent Company led to lower interest income in the first three months of 2013 compared to same period in 2012. This was slightly mitigated by higher interest income at TLI as it saw its cash balances increase through most of the year.

Interest Expense
(22% decrease from ₱1.83 bn to ₱1.43 bn)

The decrease in interest expense is mainly due to lower interest expense as the Group managed to pay down its long term debts

Other Income (Expenses)
(52% decrease from ₱692 mn to ₱332 mn)

The decrease in other income for the period is mainly due to lower unrealized foreign exchange (FX) gains recognized by TLI from the restatement of its dollar denominated debt which it recognizes on its monthly obligations to the Power Sector Assets and Liabilities Management Corporation (PSALM) accounted for as a finance lease obligation.

Net Income Attributable to Non-controlling Interests

Lower net income contributed by Cebu Private Power Corporation (CPPC) for the reporting period compared to prior years led to lower Net Income attributable to Non-controlling interest.

Consolidated Statements of Comprehensive Income
(January - March 2013 vs. January – March 2012)

Total Consolidated comprehensive income attributable to equity holders of the Parent mirrored the decrease in the net income for the period dropping by 15% from the previous year after taking up increases from cumulative translation adjustments.

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

Assets

(March 31, 2013 vs. December 31, 2012 As Restated)

Total assets decreased by 4% from ₱163.14. bn as of December 31, 2012 to ₱156.92 bn as of March 31, 2013. The significant accounts contributing to the increase in total assets are discussed below:

a) The ₱7.20 bn decrease in total cash and cash equivalents came about mainly as a result of outflows due to financing activities, the largest portion of which went to the payment of the Company's long term debt. This alone accounted for at least ₱8.11 bn in cash outflows for the period.

b) Trade and other receivables decreased by 11% (from ₱8.12 bn in December 2012 to ₱7.19 bn in March 2013). The decrease is due to lower trade and other receivables at TLI, the receipt of previously recognized dividends receivable by Aboitiz Renewables, Inc. (ARI) and lower receivable balances at SEZ.

c) Derivative assets decreased as foreign exchange contracts matured during the first quarter of the year.

d) Slight increase in inventory levels at Davao Light account for the 3% increase in this line item.

e) Other current assets increased by 122% (from ₱1.04 bn in December 2012 to ₱2.3 bn in March 2013) mainly due to build-up of input VAT by power generation subsidiaries during the period in review. The largest buildup of input vat is at Therma South, Inc. (TSI) relating to the ongoing construction of its coal power plant.

f) The investment and advances account decreased slightly after dividends were received during the period and after the recognition of the earnings of associates.

g) The property plant and equipment account went up by ₱513 mn mainly due to further infusions made into the on-going construction of the 300-MW coal plant in Davao.

h) The ₱22 mn decrease in the Intangible asset—service concession account is noted as amortization costs are made.

i) Decrease in Pension Assets is due to the accrual of defined benefit expense during the quarter

j) The increase in deferred income tax assets is due to the effect of the various provisions made by Davao Light.

k) Other non-current decreased by 8% as certain reclassifications were made at Therma Mobile and Therma South.

Liabilities

(March 31, 2013 vs. December 31, 2012 As Restated)

Consolidated liabilities as of March 31, 2013 decreased by 14% or by ₱10.92 bn from December 31, 2012 balances. The significant changes can be explained as follows:

a) Davao Light and Cotabato Light's payment of their short term bank loans in the first quarter of the year brought down bank loan balances from ₱1.28 bn to ₱993 mn.

b) The largest transaction which accounts mainly for the 25% decrease in Trade and other Payables is from the payment of the special dividends by Parent Company in the first quarter of the year. Also accounting for the decrease are lower balances for this account at both TLI and APRI as payments on their trade obligations are made during the first quarter.

c) Derivative Liability decreased by 29% due to interest rate movements that were favorable to the outstanding contracts at LHC.

d) Income Tax payable increased mainly due to higher tax payable balances at the end of the quarter particularly at Davao Light.

e) Payable to preferred shareholders of a subsidiary inclusive of current portion decreased by ₱25 mn as payments to preferred shareholders were made in the first quarter of the year.

f) Long Term debt decreased by 72% compared to the same period last year. The following long term debt payments were made by the group

    I. Parent Company – payment made on ₱5 bn Fixed Rate Notes; and

    II. Hedcor Sibulan – payment on ₱3 bn long term debt.

g) Decrease in Finance Lease obligation at TLI as monthly payments are made to PSALM.

h) Deferred income tax liability increased due to TLI's recognition of its corresponding income tax provision and the realization of certain foreign exchange differentials.

Equity
(March 31, 2013 vs. December 31, 2012 As Restated)

Under the Equity section (As restated for December 31, 2012) the Group accounts for unrealized actuarial gains and losses for the group and its associates as required by PAS 19 "Employee Benefits".

Equity attributable to equity holders of the Parent increased by ₱4.65 bn from ₱80.90 bn as of December 31, 2012 to ₱85.54 bn as of March 31, 2013, as income for the current period is recognized.

Material Changes in Liquidity and Cash Reserves of Registrant
(March 31, 2013 vs. December 31, 2012)

The major movements in the group's Cash and cash equivalents which decreased by ₱7.20 bn are accounted for as follows:

Cash flows from Operating activities continue to provide healthy inflows of cash increasing the account by ₱4.72 bn in the first three months of the year primarily from earnings.

Cash was deployed for investing activities during the period decreasing the Group's cash balances by ₱96 mn for the period as the Company continues to construct its on-going Greenfield projects, updates of which are provided in the Outlook section of this report.

The Company had significant movements in cash relating to financing activities which totaled ₱11.81 bn of outflows during the period. Payments made on long-term debt totaled ₱8.11 bn. The Parent Company made a prepayment of ₱5 bn on a 5 year Fixed Rate Note while Hedcor Sibulan prepaid its ₱3.0 bn long term debt.

All of the above moved the Company's Cash and cash Equivalents balances from ₱30.68 bn as of December 31, 2012 to the current end of the quarter 2013 balance of ₱23.48 bn.

Financial Ratios

The Company's Current ratio as of March 31, 2013 improved from 2.65x as of the end of 2012 to 3.50x as of the end of March 2013. The decline in the Company's current assets were more than made up by the degree of the decline in the Company's current liabilities. Current assets decreased as the Company used up its cash in prepaying long term debt and dividends while the decline in Current Liabilities is due to the payment of dividends payable in the first month of the year as well as the decrease in current liabilities as long term debt was prepaid by one of the Company's hydro subsidiaries.

Debt to equity ratio improved from 0.97x as of December 31, 2012 to 0.80x as of March 31, 2013. The 14% decrease in total liabilities versus the 6% increase in Equity, as the income for the period is recognized, lead to the improvement of the ratio.

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

Over the long term, AboitizPower remains to be in a very good position to benefit from the opportunities that developments concerning the electricity industry will bring. Its sound financial condition, coupled with a number of initiatives that the Company is undertaking will allow it to create additional generating capacity over the next several years. Nevertheless, AboitizPower sees several challenges that it may severely constrain earnings growth in 2013. These developments are as follows:

<u>Power</u>

Generation Business

1. Ancillary Services

SN Aboitiz Power (SNAP) a partnership between AboitizPower and SN Power Invest AS (SN Power), is currently providing ancillary services to NGCP under an Ancillary Services Procurement Agreement (ASPA). The ASPA for Magat expired last November 5, 2012 while Binga's ASPA will expire on July 25, 2013. The Company recently disclosed that its affiliates, SNAP-Magat, SNAP-Benguet, have respectively signed ASPAs with NGCP for the provision of regulating and contingency reserves from the Magat and Ambuklao Hydroelectric Power Plants. Implementation of the terms under the contracts will start once the approval of the Energy Regulatory Commission (ERC) for the contract has been secured and shall be valid for three years thereafter.

Another affiliate, TLI, which runs the Pagbilao Coal Plant, also signed an ASPA with the NGCP covering both firm and non-firm capacities for contingency reserve. The TLI ASPA is valid for a period of five years from the date of approval by the ERC.

AboitizPower believes that the implementation of the new ASPAs will result in a significant reduction in the Company's ancillary revenues due to the restructuring of the pricing mechanism for ancillary services, which is currently linked to spot market rates. On the other hand, the addition of the Ambuklao and Pagbilao plants as licensed ancillary service providers will help offset the expected decline in ancillary revenue.

2. Conversion of APRI's existing steam contract to a Geothermal Resource Sales Contract

On May 2013, APRI's current steam supply contract with Chevron will shift to a Geothermal Resource Sales Contract (GRSC). The change is due to an existing provision under the government's existing contract with Chevron when the Tiwi-Makban facilities were bidded out under the former's privatization program.

The shift to the GRSC will result in a change in the determination of the cost that Chevron can charge to APRI for the steam supply. Consequently, APRI's annual steam cost will be significantly higher and will adversely impact operating margins.

3. Increase in Attributable Generating Capacity

Notwithstanding the challenges over the short-term, AboitizPower has built the necessary foundation to sustain its growth trajectory over the long term. Over the next several years, AboitizPower looks to expanding its portfolio of generation assets by implementing the following projects.

- Rehabilitation of the Binga Hydro Power Plant

  In 2011, SNAP commenced the programmed rehabilitation of the 100-MW Binga hydropower plant, which is consisted of four units with a capacity of 25 MW each. The program involves the increase of each unit's capacity by 5 MW. Rehabilitation of the first, second, and third units were completed in December 2011, July 2012, and January 2013 respectively. Works on the fourth unit has commenced with expected completion targeted by July 2013. Full completion will result to Binga's total capacity reaching 120 MW, from the current 115 MW. AboitizPower has an effective stake of 50% in this facility.

- Rehabilitation of the Tiwi-Makban Geothermal Power Facilities

  100%-owned APRI has successfully completed the refurbishment activity of the 14 generation units at the Tiwi and Makban facilities. The last two remaining units to undergo refurbishment, Units 5 and 6 at Makban were successfully tested in March for 72 hours, at full load per the requirements of the Asset Purchase Agreement. The successful completion of the performance tests will trigger the return of the Performance Bond and the assignment of the GRSC to APRI. Significant improvements in reliability and steam usage efficiency have been realized following the completion of the refurbishment activity.

- Greenfield and Brownfield developments

  <u>600 MW (net) Coal-fired Power Plant in Subic.</u> This is a project by Redondo Peninsula Energy, Inc. (RP Energy), a joint venture among Meralco PowerGen Corporation (MPGC), Aboitiz subsidiary Therma Power, Inc. (TPI) and Taiwan Cogeneration International Corporation (TCIC). The project involves the construction and operation of a 2x300 MW circulating-fluidized-bed (CFB) coal-fired power plant located within the Subic Bay Freeport Zone. On November 15, 2012, RP Energy was issued an amended Environmental Compliance Certificate (ECC) to cover two high-efficiency 300-

MW (net) units with main steam reheat systems. Site preparation is substantially completed. The EPC contract has been awarded to Hyundai with Foster Wheeler and Toshiba as major subcontractors/suppliers of the CFB boilers and turbines, respectively. Hyundai has not been issued a notice to proceed with the works, however, because of the filing of a petition for a Writ of Kalikasan and environmental protection order. The petition was denied, but the court decision is the subject of motions for reconsideration that may require most of 2013 to resolve. Thus, commercial operation of the power plant now is estimated to begin in early 2017. AboitizPower, through TPI will have an equity interest of 25% in RP Energy.

300 MW Coal-fired Power Plant in Davao. AboitizPower, through 100%-owned subsidiary TSI, is putting up a 2x150 MW coal-fired power plant in Davao, which is the biggest load center in the island of Mindanao. The project broke ground in 2012. The EPC contract for the power block was awarded to Formosa Heavy Industries (FHI) with FHI supplying the CFB boilers and Fuji as major subcontractor/supplier of the turbines. The EPC contract for the balance of plant equipment and their integration with the power block was awarded to a consortium of Black & Veatch Corporation and Leighton Contractors (Philippines), Inc. The first generating unit (150 MW) is expected to be completed 34 months after (or March 2015), with the second unit (150 MW) to follow in 3 months (or June 2015).

400 MW (net) Coal-fired Power Plant in Pagbilao, Quezon. On September 27, 2011, AboitizPower signed a Memorandum of Understanding with Marubeni Corporation (Marubeni) to formalize their intention to jointly develop, construct and operate a coal-fired power plant with a capacity of approximately 400 MW (net). The proposed location will be within the premises of the existing 735 MW (net) Pagbilao Units I and II Coal Fired Thermal Power Plant in Quezon province. The terms and conditions of the joint investment will be finalized in a definitive shareholder agreement to be agreed upon by the parties. Marubeni and Tokyo Electric are part-owners of TeaM Energy Corporation (TeaM Energy), which owns and operates the Pagbilao Units I and II under a build-operate-transfer contract with the National Power Corporation (NPC). On the other hand, AboitizPower, through wholly owned subsidiary TLI, is the Independent Power Producer Administrator of the Energy Conversion Agreement between TeaM Energy and NPC under an IPP Administration Agreement with the PSALM, which manages the assets and IPP contracts of NPC. Commercial operations of the first generating unit are targeted within the year 2017.

300-MW (net) Coal-Fired Project in Toledo City, Cebu. AboitizPower, through 100%-owned subsidiary, Therma Visayas, Inc. (Therma Visayas), is developing a 2 x 150-MW (net) coal-fired power project in Toledo City. The project site was acquired in December 2011. The ECC for the project was issued in May 2013.

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

7 MW Tudaya 1 Hydro Power Plant Project. Hedcor Sibulan started the construction of Tudaya 1 which is located upstream of the existing Sibulan A pondage in the third quarter of 2012. Almost 50% complete, it is scheduled to be finished in the first quarter of 2014. The energy to be

produced by Tudaya 1 will be sold to Davao Light through the power supply agreement signed in 2007.

6.6 MW Tudaya 2 Hydro Power Plant Project. AboitizPower's wholly owned subsidiary Hedcor Tudaya has started the construction of Tudaya 2 located downstream of the existing Sibulan B. The project which commenced construction in the third quarter of 2012 is already 75% complete. The project is estimated to be completed by the first quarter of 2014.

14 MW Sabangan Hydro Power Plant Project. This involves the construction and operation of a hydropower plant facility in Mt. Province, in Northern Luzon. This project will be undertaken by a wholly owned subsidiary of AboitizPower, Hedcor Sabangan, Inc. The project was granted all the permits and licenses in the first quarter of 2013. The construction which will take approximately 24 months has commenced in May 2013.

12 MW Hedcor Tamugan Hydro Power Plant Project. In 2010, wholly owned subsidiary, Hedcor Tamugan, Inc. (Hedcor Tamugan), has reached an agreement with the Davao City Water District on the use of the Tamugan river. Originally planned as a 27.5 MW run-of-river facility, Hedcor Tamugan submitted a new proposal, which involves the construction of a 12 MW hydropower plant. Hedcor Tamugan is waiting for the Davao City council to approve the project. Once approval and permits are secured, the two-year construction period will commence.

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

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

- Hedcor is conducting feasibility studies for potential hydropower projects located in Luzon, Visayas, and Mindanao. Based on current findings, Hedcor sees the potential of building plants with capacities ranging from 10 MW to 50 MW. When the projects pass the evaluation stage and once permits are secured, the two-year construction period for the hydropower plant facilities will commence.

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

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

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

Distribution Business

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

On December 13, 2006, the ERC issued the Rules for Setting Distribution Wheeling Rates (RDWR) for privately-owned distribution utilities entering PBR for the second and later entry points, setting out the manner in which this new PBR rate-setting mechanism for distribution-related charges will be implemented. PBR replaces the Return on Rate Base (RORB) mechanism which has historically determined the distribution charges paid by customers. Under PBR, the distribution-related charges that distribution utilities can collect from customers over a 4-year regulatory period is set by reference to projected revenues which are reviewed and approved by the ERC and used by the ERC to determine a distribution utility's efficiency factor. For each year during the regulatory period, a distribution utility's distribution charges are adjusted upwards or downwards taking into consideration the utility's efficiency factor as against changes in overall consumer prices in the Philippines.

The ERC has also implemented a Performance Incentive Scheme whereby annual rate adjustments under PBR will take into consideration the ability of a distribution utility to meet or exceed service performance targets set by the ERC, such as the average duration of power outages, the average time of restoration to customers and the average time to respond to customer calls, with utilities being rewarded or penalized depending on their ability to meet these performance targets.

Cotabato Light was supposed to start with its Third Regulatory Period on April 1, 2013. The reset process, however, is potentially delayed due to the absence of the Position Paper, the document covering the issues at hand and the information requirements for the upcoming reset. This is a result of the ERC's direction of adopting a new set of procurement process for its Regulatory Reset Experts which has not been finalized. For the meantime, Cotabato Light shall file a MAP adjustment & rate translation application for 2 regulatory years. The application is targeted to be done this May 2013.

On March 2013, VECO and Davao Light filed their rate translation application for the Fourth Regulatory Year July 1, 2013 to June 30, 2014. The public hearings have recently been concluded.

For SEZ and San Fernando Electric Light & Power Company, Inc.'s (SFELAPCO) Second Regulatory Year covering October 1, 2012 to September 30, 2013, SEZ was able to implement the new rate schedule starting February 2013 while SFELAPCO implemented beginning April 2013. Filing for the Third Regulatory Year is scheduled this July.

Market and Industry Developments

Open Access and Retail Competition

Per EPIRA, the conditions for the commencement of the Open Access and Retail Competition are as follows:

(a) Establishment of the WESM;

(b) Approval of unbundled transmission and distribution wheeling charges;

(c) Initial implementation of the cross subsidy removal scheme;

(d) Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and

(e) Transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP administrators.

Under the Open Access and Retail Competition, an eligible contestable customer, which is defined as an end-user with a monthly average peak demand of at least 1 MW for the preceding 12 months, will have the option to source their electricity from eligible suppliers that have secured a Retail Electricity Supplier license from the ERC. Eligible suppliers shall include the following:

- Generation companies that own, operate or control 30% or less of the installed generating capacity in a grid and/or 25% or less of the national installed capacity;

- NPC-Independent Power Producers with respect to capacity which is not covered by contracts;

  IPP Administrators with respect to the uncontracted energy which is subject to their administration and management; and

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

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

In June 2011, the ERC declared December 26, 2011 as the Open Access Date to mark the commencement of the full operations of the competitive retail electricity market in Luzon and Visayas. However, after careful deliberation, the ERC acknowledged that not all the necessary rules, systems and infrastructures required for the implementation of the Open Access and Retail Competition have been put in place to meet the contemplated timetable for implementation. In October 2011, the ERC announced the deferment of the Open Access Date. In September 2012, the ERC declared the start of Open Access on December 26, 2012. A trial run will be in place by March 2013 while commercial transactions under an interim development system shall be implemented starting June 26, 2013.

SIGNATURES

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

Issuer	**ABOITIZ POWER CORPORATION**
Principal Accounting Officer	**Cristina B. Beloria**
Signature and Title	**Assistant Vice President - Controller**
Date	15 MAY 2013
Corporate Secretary	M. Jasmine S. Oporto **M. Jasmine S. Oporto**
Signature and Title	**Corporate Secretary**
Date	15 MAY 2013

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

Unaudited Consolidated Financial Statements
As of March 31, 2013 (with Comparative Consolidated Figures
as of December 31, 2012) and for the Three Months Ended
March 31, 2013 and 2012

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

	(Unaudited) March 31 2013	(Restated) December 31 2012	(Restated) January 1 2012
ASSETS			
Current Assets			
Cash and cash equivalents	**₱23,479,511**	₱30,678,493	₱23,391,561
Trade and other receivables	**7,188,241**	8,115,031	9,505,778
Derivative asset	**142**	2,631	-
Inventories	**2,242,201**	2,173,999	2,173,617
Other current assets	**2,303,643**	1,038,678	1,107,039
Total Current Assets	**35,213,738**	42,008,832	36,177,995
Noncurrent Assets			
Investments in and advances to associates	**26,208,956**	25,830,638	29,083,522
Property, plant and equipment	**85,658,168**	85,145,298	78,708,118
Intangible asset - service concession rights	**3,662,673**	3,685,417	4,162,768
Investment property	**10,000**	10,000	10,000
Available-for-sale (AFS) investments	**3,944**	3,744	3,744
Goodwill	**996,005**	996,005	996,005
Pension assets	**-**	17,573	7,757
Deferred income tax assets	**388,505**	229,779	293,497
Other noncurrent assets	**4,774,573**	5,209,972	3,952,445
Total Noncurrent Assets	**121,702,824**	121,128,426	117,217,856
TOTAL ASSETS	**₱156,916,562**	₱163,137,258	153,395,851
LIABILITIES AND EQUITY			
Current Liabilities			
Bank loans	**₱992,978**	₱1,277,000	1,614,600
Trade and other payables	**7,505,494**	10,052,055	7,121,754
Derivative liabilities	**20,824**	29,173	7,580
Income tax payable	**273,627**	123,631	142,683
Current portion of:			
Long-term debts	**505,327**	3,582,308	1,504,800
Finance lease obligation	**725,471**	725,471	-
Long-term obligation on power distribution system	**40,000**	40,000	40,000
Payable to preferred shareholder of a subsidiary	**11,651**	20,705	16,902
Total Current Liabilities	**10,075,372**	15,850,343	10,448,319
Noncurrent Liabilities			
Noncurrent portions of:			
Long-term debts	**2,578,055**	7,593,641	17,300,182
Finance lease obligation	**53,320,096**	53,654,843	52,714,959
Long-term obligation on power distribution system	**239,099**	230,843	237,046
Payable to preferred shareholder of a subsidiary	**9,374**	25,363	46,068
Customers' deposits	**2,445,570**	2,404,361	2,164,195
Pension liabilities	**212,451**	207,154	218,089
Deferred income tax liabilities	**835,835**	668,848	368,717
Total Noncurrent Liabilities	**59,640,480**	64,785,053	73,049,256
Total Liabilities	**69,715,852**	80,635,396	83,497,575
Equity Attributable to Equity Holders of the Parent			
Capital stock	**7,358,604**	7,358,604	7,358,604
Additional paid-in capital	**12,588,894**	12,588,894	12,588,894
Cumulative translation adjustments	**(168,863)**	(169,845)	(57,668)
Share in cumulative translation adjustments of associates	**(794,849)**	(847,589)	(546,753)
Unrealized actuarial gains (losses)	**(307,000)**	(307,000)	(277,530)
Share in unrealized actuarial gains (losses) of associates	**(73,792)**	(73,792)	(74,316)
Share in unrealized valuation gain on AFS investments of an associate	**85,296**	85,296	73,952
Acquisition of non-controlling interests	**(259,147)**	(259,147)	(259,147)
Retained earnings	**67,115,599**	62,520,771	49,421,137
	85,544,742	80,896,192	68,227,173
Non-controlling Interests	**1,655,968**	1,605,670	1,671,103
Total Equity	**87,200,710**	82,501,862	69,898,276
TOTAL LIABILITIES AND EQUITY	**₱156,916,562**	₱163,137,258	153,395,851

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME

(Amounts in Thousands, Except Earnings Per Share Amounts)

(Unaudited)

	JAN-MAR/13	JAN-MAR/12
OPERATING REVENUES	**₱13,304,289**	₱15,097,218
OPERATING EXPENSES	**8,419,948**	10,099,912
FINANCIAL INCOME (EXPENSES)		
Interest income	**166,138**	171,156
Interest expense and other financing costs	**(1,426,224)**	(1,831,536)
	(1,260,086)	(1,660,380)
OTHER INCOME (EXPENSES)		
Share in net earnings of associates	**960,121**	2,010,910
Others - net	**331,754**	691,795
	1,291,875	2,702,705
INCOME BEFORE INCOME TAX	**4,916,130**	6,039,631
PROVISION FOR INCOME TAX	**225,379**	331,768
NET INCOME	**₱4,690,751**	₱5,707,863
Attributable to:		
Equity holders of the parent	**₱4,594,828**	₱5,599,833
Non-controlling interests	**95,923**	108,030
	₱4,690,751	₱5,707,863
EARNINGS PER COMMON SHARE		
Basic and diluted, income for the period attributable to ordinary equity holders of the parent	**₱0.62**	₱0.76

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

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands)

(Unaudited)

	JAN-MAR/13	JAN-MAR/12
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	**₱4,594,828**	₱5,599,833
Non-controlling interests	**95,923**	108,030
	4,690,751	5,707,863
OTHER COMPREHENSIVE INCOME (LOSS)		
Movement in cumulative translation adjustments	**982**	(33,406)
Share in movement in cumulative translation adjustments of associates	**52,740**	(44,668)
Income tax effect on other comprehensive income	**–**	–
Total other comprehensive income, net of tax	**53,722**	(78,074)
TOTAL COMPREHENSIVE INCOME	**₱4,744,473**	₱5,629,789
Attributable to:		
Equity holders of the parent	**₱4,648,550**	₱5,521,759
Non-controlling interests	**95,923**	108,030
	₱4,744,473	₱5,629,789

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2013 AND DECEMBER 31, 2012, AND MARCH 31, 2012

(Amounts in Thousands, Except Dividends Per Share Amounts)

(Unaudited)

	Attributable to Equity Holders of the Parent										
	Capital Stock	Additional Paid-in-Capital	Share in Unrealized Gain on AFS of Associates	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates	Net Unrealized Actuarial Gains (Losses)	Share in Net Unrealized Actuarial Gains (Losses) of Associates	Acquisition of Non-controlling Interests	Retained Earnings	Non-controlling Interests	Total
Balances at January 1, 2013 as previously stated	₱7,358,604	₱12,588,894	₱85,296	(₱169,845)	(₱847,589)	₱-	₱-	(₱259,147)	₱62,475,256	₱1,577,207	₱82,808,676
Effects of adoption of new accounting standard (PAS 19)	–	–	–	–	–	(307,000)	(73,792)	–	45,515	28,463	(306,814)
Balances at January 1, 2013 as restated	7,358,604	12,588,894	85,296	(169,845)	(847,589)	(307,000)	(73,792)	(259,147)	62,520,771	1,605,670	82,501,862
Net income for the year	–	–	–	–	–	–	–	–	4,594,828	95,923	4,690,751
Other comprehensive income (loss)	–	–	–	982	52,740	–	–	–	–	–	53,722
Total comprehensive income (loss)	–	–	–	982	52,740	–	–	–	4,594,828	95,923	4,744,473
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(45,624)	(45,624)
Change in non-controlling interests	–	–	–	–	–			–	–	(1)	(1)
Balances at March 31, 2013	**₱7,358,604**	**₱12,588,894**	**₱85,296**	**(₱168,863)**	**(₱794,849)**	**(₱307,000)**	**(₱73,792)**	**(₱259,147)**	**₱67,115,599**	**₱1,655,968**	**₱87,200,710**
Balances at January 1, 2012 as previously stated	₱7,358,604	₱12,588,894	₱73,952	(₱57,668)	(₱546,753)	₱–	₱–	(₱259,147)	₱49,400,692	₱1,633,643	₱70,192,217
Effects of adoption of new accounting standard (PAS 19)	–	–	–	–	–	(277,530)	(74,316)	–	20,445	37,460	(293,941)
Balances at January 1, 2012 as restated	7,358,604	12,588,894	73,952	(57,668)	(546,753)	(277,530)	(74,316)	(259,147)	49,421,137	1,671,103	69,898,276
Net income for the year	–	–	–	–	–			–	24,431,885	490,135	24,922,020
Other comprehensive income (loss)	–	–	11,344	(112,177)	(300,836)	(29,470)	524	–	–	–	(430,615)

	Attributable to Equity Holders of the Parent										
	Capital Stock	Additional Paid-in-Capital	Share in Unrealized Gain on AFS of Associates	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates	Net Unrealized Actuarial Gains (Losses)	Share in Net Unrealized Actuarial Gains (Losses) of Associates	Acquisition of Non-controlling Interests	Retained Earnings	Non-controlling Interests	Total
Total comprehensive income (loss)	–	–	11,344	(112,177)	(300,836)	(29,470)	524	–	24,431,885	490,135	24,491,405
Cash dividends – ₱1.54 a share	–	–	–	–	–	–	–	–	(11,332,251)	–	(11,332,251)
Cash dividends paid to non-controlling interests	–	–	–	–	–	–	–	–	–	(431,308)	(431,308)
Change in non-controlling interests	–	–	–	–	–	–	–	–	–	(124,260)	(124,260)
Balances at December 31, 2012	₱7,358,604	₱12,588,894	₱85,296	(₱169,845)	(₱847,589)	(₱307,000)	(₱73,792)	(₱259,147)	₱62,520,771	₱1,605,670	₱82,501,862
Balances at January 1, 2012 as restated	₱7,358,604	₱12,588,894	₱73,952	(₱57,668)	(₱546,753)	(₱277,530)	(₱74,316)	(₱259,147)	₱49,421,137	₱1,671,103	₱69,898,276
Net income for the year	–	–	–	–	–	–	–	–	5,599,833	108,030	5,707,863
Other comprehensive income (loss)	–	–	–	(33,406)	(44,668)	–	–	–	–	–	(78,074)
Total comprehensive income (loss)	–	–	–	(33,406)	(44,668)	–	–	–	5,599,833	108,030	5,629,789
Change in non-controlling interests	–	–	–	–	–	–	–	–	–	(10)	(10)
Balances at March 31, 2012	₱7,358,604	₱12,588,894	₱73,952	(₱91,074)	(₱591,421)	(₱277,530)	(₱74,316)	(₱259,147)	₱55,020,970	₱1,779,123	₱75,528,055

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in Thousands)

(Unaudited)

	JAN-MAR/13	JAN-MAR/12
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱4,916,130**	₱6,039,631
Adjustments for:		
Interest expense and other financing costs	**1,426,224**	1,831,536
Depreciation and amortization	**854,001**	818,734
Amortization of software	**5,462**	2,184
Unrealized fair valuation loss on derivatives	–	258
Gain on sale of property, plant and equipment	**(5,215)**	(525)
Gain on sale of investments in shares of stock	–	(27,087)
Interest income	**(166,138)**	(171,156)
Net unrealized foreign exchange gains	**(150,691)**	(502,438)
Share in net earnings of associates	**(960,121)**	(2,010,911)
Operating income before working capital changes	**5,919,652**	5,980,226
Decrease (increase) in operating assets	**(470,401)**	363,933
Increase in operating liabilities	**(713,801)**	(45,405)
Cash provided by operations	**4,735,450**	6,298,754
Income and final taxes paid	**(19,120)**	(82,172)
Service fees paid	–	–
Net cash flows from operating activities	**4,716,330**	6,216,582
CASH FLOWS FROM INVESTING ACTIVITIES		
Cash dividends received	**630,007**	637,225
Interest received	**204,597**	234,089
Proceeds from sale of investments in shares of stock		318,509
Additions to property, plant and equipment	**(1,318,762)**	(843,277)
Acquisitions of available for sale investments	**(200)**	–
Additional investments in associates	–	(1,495)
Net collection of (additional) advances to associates	–	1,267
Additions to intangible assets	**(39,241)**	(50,975)
Acquisition of subsidiary, net of cash	–	–
Decrease (increase) in other assets	**427,470**	98,105
Net cash flows from (used in) investing activities	**(96,129)**	393,448
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds (payment) of bank loans	**(284,022)**	(401,700)
Net proceeds (payment) of long-term debt	**(8,114,709)**	(220,375)
Payments of finance lease obligation	**(1,651,649)**	(273,460)
Changes in non-controlling interests	**(45,624)**	
Payments to preferred shareholders of a subsidiary	**(31,070)**	(19,344)
Decrease in derivative liabilities	**(5,860)**	(7,431)
Interest paid	**(58,116)**	(448,809)
Cash dividends paid	**(1,618,893)**	–
Net cash flows used in financing activities	**(11,809,943)**	(1,371,119)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**(7,189,742)**	5,238,911
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	**(9,240)**	(56,675)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	**30,678,493**	23,391,561
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**₱23,479,511**	₱28,573,797

ABOITIZ POWER CORPORATION AND SUBSIDIARIES

FINANCIAL STATEMENTS SCHEDULES AND DISCLOSURES

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

A Components of Other Comprehensive Income (Loss)

	JAN-MAR/13	JAN-MAR/12
Share in movement in cumulative translation adjustments of associates	**₱52,740**	(₱44,668)
Movement in cumulative translation adjustments	**982**	(33,406)
Other comprehensive income (loss) for the period – net of tax	**₱53,722**	(₱78,074)

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

		JAN-MAR/13	
	Before-Tax Amount	**Tax (Expense) Benefit**	**Net-of-Tax Amount**
Share in movement in cumulative translation adjustments of associates	**₱52,740**	–	**₱52,740**
Movement in cumulative translation adjustments	**982**	–	**982**
Other comprehensive income (loss) for the period – net of tax	**₱53,722**	–	**₱53,722**

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

C Investments in and Advances to Associates

	% Ownership	March 31, 2013	Restated December 31, 2012
Acquisition cost:			
Manila Oslo Renewable Enterprise, Inc.	**83.33**	**₱9,290,416**	₱9,290,416
STEAG State Power, Inc.	**34.00**	**4,400,611**	4,400,611
Cebu Energy Development Corp.	**44.00**	**2,438,621**	2,438,621
Hijos de F. Escano, Inc.	**46.73**	**858,070**	858,070
Visayan Electric Co., Inc.	**55.25**	**662,456**	662,456
AEV Aviation, Inc.	**49.25**	**291,400**	291,400
Pampanga Energy Ventures, Inc.	**42.84**	**209,465**	209,465
San Fernando Electric Light & Power Co., Inc.	**43.78**	**180,864**	180,864
East Asia Utilities Corporation	**50.00**	**180,616**	180,616
Western Mindanao Power Corporation	**20.00**	**79,099**	79,099
Southern Philippines Power Corporation	**20.00**	**99,166**	99,166
Redondo Peninsula Energy, Inc.	**25.00**	**5,000**	5,000
Others		**87**	4,623
Balance at end of period		**₱18,695,871**	₱18,700,407
Accumulated equity in net earnings:			
Balance at beginning of the year		**7,109,428**	9,397,547
Share in net earnings		**960,121**	9,938,709
Effect of redemption of preferred shares by an associate		–	(16,501)
Cash dividends received or receivable		**(630,007)**	(12,210,327)
Balance at end of period		**7,439,629**	7,109,428
		26,135,413	25,809,835
Share in net unrealized gains (losses) on available-for-sale securities & underwriting accounts of an associate		**85,296**	85,296
Share in unrealized actuarial gains (losses) of associates		**(36,217)**	(36,217)
Share in cumulative translation adjustments of associates		**(794,849)**	(847,589)
Investments in associates at equity		**25,389,643**	25,011,325
Advances to associates - net		**819,313**	819,313
		₱26,208,956	₱25,830,638

D Trade and Other Payables

	March 31, 2013
Trade	**₱2,333,220**
DOSRI	–
Others	**5,172,274**
	₱7,505,494

E Bank Loans

	Interest Rate	Mar 31/13	Dec 31/12
Peso loans - financial institutions - unsecured	3.75% to 4.00%	**₱992,978**	₱1,227,000

F Long-term Debts

	Interest Rate	**Mar 31/13**	Dec 31/12
Company			
Financial and non-financial institutions - unsecured			
Fixed rate notes	6.17%	**₱–**	₱5,000,000
Hedcor Sibulan, Inc.			
Financial institutions - secured	8.52%	–	3,043,895
Hedcor, Inc.			
Financial institution - secured	8.36%	**387,600**	419,900
Cebu Private Power Corporation			
Financial institutions - secured	3.84% - 4.65%	**159,827**	213,334
Subic Enerzone Corporation			
Financial institution – secured	8.26%-10.02%	**508,500**	508,500
Luzon Hydro Corporation			
Financial institution – secured	2.00% to 3.51%	**2,042,448**	2,054,963
Total		**3,098,375**	11,240,592
Less deferred financing costs		**14,993**	64,643
		3,083,382	11,175,949
Less current portion – net of deferred financing costs		**505,327**	3,582,308
		₱2,578,055	₱7,593,641

G Debt Securities

As of March 31, 2013, there are no outstanding debt securities issued by the Group.

H Earnings Per Common Share

Earnings per common share amounts were computed as follows:

		JAN-MAR/13	JAN-MAR/12
a.	Net income attributable to equity holders of the parent	**₱4,594,828**	₱5,599,833
b.	Weighted average number of common shares issued and outstanding	**7,358,604,307**	7,358,604,307
c.	Earnings per common share (a/b)	**₱0.62**	₱0.76

There are no dilutive potential common shares as of March 31, 2013 and 2012.

I Business Segment Information

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

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

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

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

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

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

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

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

March 31, 2013

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	**₱9,514,644**	**₱3,765,589**	**₱24,056**	**₱–**	**₱13,304,289**
Inter-segment	**373,652**	**–**	**85,396**	**(459,048)**	**–**
Total Revenue	**₱9,888,296**	**₱3,765,589**	**₱109,452**	**(₱459,048)**	**₱13,304,289**
Segment results	**₱4,368,921**	**₱513,632**	**₱1,788**	**₱–**	**₱4,884,341**
Unallocated corporate income - net	**239,329**	**89,673**	**2,751**	**–**	**331,754**
INCOME FROM OPERATIONS	**4,608,250**	**603,305**	**4,539**	**–**	**5,216,095**
Interest expense	**(1,340,252)**	**(25,142)**	**(60,830)**	**–**	**(1,426,224)**
Interest income	**147,123**	**3,625**	**15,390**	**–**	**166,138**
Share in net earnings of associates	**706,172**	**263,178**	**4,635,979**	**(4,645,208)**	**960,121**
Provision for (benefit from) income tax	**(72,413)**	**(152,130)**	**(836)**	**–**	**(225,379)**
NET INCOME	**₱4,048,880**	**₱692,836**	**₱4,594,243**	**(₱4,645,208)**	**₱4,690,751**
OTHER INFORMATION					
Investments in Associates	**₱22,547,040**	**₱2,441,122**	**₱82,659,963**	**(₱82,258,482)**	**₱25,389,643**
Segment Assets	**₱137,950,638**	**₱10,190,752**	**₱85,916,515**	**(₱77,141,343)**	**₱156,916,562**
Segment Liabilities	**₱63,939,525**	**₱5,586,836**	**₱180,118**	**₱9,373**	**₱69,715,852**
Depreciation and amortization	**₱715,963**	**₱138,282**	**₱5,218**		**₱859,463**

March 31, 2012 (Restated)

	Power Generation	Power Distribution	Parent Company/ Others	Eliminations and Adjustments	Consolidated
REVENUE					
External	₱11,232,074	₱3,854,021	₱78,568	(₱67,445)	₱15,097,218
Inter-segment	269,251	–	74,805	(344,056)	–
Total Revenue	₱11,501,325	₱3,854,021	₱153,373	(₱411,501)	₱15,097,218
Segment results	₱4,382,342	₱590,041	₱24,923	₱–	₱4,997,306
Unallocated corporate income (expenses)	579,985	90,254	21,556	–	691,795
INCOME FROM OPERATIONS	4,962,327	680,295	46,479	–	5,689,101
Interest expense	(1,534,873)	(32,914)	(263,749)	–	(1,831,536)
Interest income	84,019	4,470	82,667	–	171,156
Share in net earnings of associates	1,818,243	198,078	5,731,968	(5,737,379)	2,010,910
Provision for income tax	(157,080)	(173,301)	(1,387)	–	(331,768)
NET INCOME	₱5,172,636	₱676,628	₱5,595,978	(₱5,737,379)	₱5,707,863
OTHER INFORMATION					
Investments in Associates	₱25,956,402	₱2,772,649	₱72,571,619	(₱72,153,787)	₱29,146,883
Segment Assets	₱131,616,396	₱10,129,683	₱87,584,148	(₱70,019,833)	₱159,310,394
Segment Liabilities	₱66,710,259	₱5,701,539	₱13,718,331	(₱2,347,790)	₱83,782,339
Depreciation and amortization	₱704,813	₱111,284	₱4,821		₱820,918

J Financial Risk Management Objectives and Policies

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

The Group also enters into derivative transactions, particularly foreign currency forwards, to economically hedge its foreign currency risk from foreign currency denominated liabilities and purchases.

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

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

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

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

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

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

In managing its long-term financial requirements, the Group's policy is that not more than 25% of long term borrowings should mature in any twelve-month period. 2.08% of the Group's debt will mature in less than one year as of March 31, 2013 (as of December 31, 2012: 6.36%). For its short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

The financial assets that will be principally used to settle the financial liabilities presented in the following table are from cash and cash equivalents and trade and other receivables. Cash and cash equivalents can be withdrawn anytime while trade and other receivables are expected to be collected/realized within one year.

The following table summarizes the maturity profile of the Group's financial liabilities as of March 31, 2013 based on contractual undiscounted principal payments:

	Total carrying value	Contractual undiscounted principal payments				
		Total	On demand	<1 year	1 to 5 years	> 5 years
Trade and other payables	₱5,220,500	₱5,220,500	₱1,532	₱5,218,968	₱–	₱–
Customers' deposits	2,445,570	2,445,570	–		16,515	2,429,055
Bank loans	992,978	992,978	–	992,978	–	–
Payable to preferred shareholders of subsidiary	21,025	21,025	–	11,651	9,374	–
Finance lease obligation	54,045,567	106,915,224	–		36,904,374	70,010,850
Long-term obligation on power distribution system	279,099	279,099	–	40,000	200,000	39,099
Long-term debts	3,083,382	3,098,376	–	505,327	1,744,229	848,820
Derivative liabilities	20,824	20,824		20,824		
Total	₱66,108,945	₱129,839,514	₱1,532	₱6,789,748	₱38,874,492	₱73,327,824

Market Risk

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

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund raising activities. As of March 31, 2013, 71% of the Group's long-term debt had floating interest rates ranging from 2.00% to 4.65%, and 29% have fixed rates ranging from 5.61% to 8.36%. As of December 31, 2012, 20% of the Group's long-term debt had floating interest rates ranging from 2.00% to 4.65%, and 80% have fixed rates ranging from 5.61% to 8.52%.

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

As of March 31, 2013

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱384,227	₱1,133,109	₱679,320	₱2,187,282
Floating rate - payable to preferred shareholders of subsidiaries	11,651	9,374	–	21,025
	₱395,878	₱1,738,609	₱848,820	₱2,208,307

As of December 31, 2012

	<1 year	1-5 years	>5 years	Total
Floating rate - long-term debt	₱435,035	₱805,766	₱1,011,062	₱2,251,863
Floating rate - payable to preferred shareholders of subsidiaries	20,705	25,363	–	46,068
	₱455,740	₱831,129	₱1,011,062	₱2,297,931

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

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

	Increase (decrease) in basis points	Effect on income before tax
March 31, 2013	200	(₱43,746)
	(100)	21,873
December 31, 2012	200	(45,037)
	(100)	22,519

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

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

	Jan-Mar/13	Jan-Mar/12
Bank loans and long-term debt	**₱217,312**	₱377,703
Customers' deposits	**215**	956
Finance lease obligation	**1,194,414**	1,440,886
Long-term obligation on power distribution system	**8,256**	8,449
Payable to preferred shareholder of subsidiary	**6,027**	3,542
	₱1,426,224	₱1,831,536

Foreign exchange risk

The foreign exchange risk of the Group pertains significantly to its foreign currency denominated obligations. To manage its foreign exchange risk, stabilize cash flows and improve investment and cash flow planning, the Group enters into foreign currency forward contracts aimed at reducing and/or managing adverse impact of changes in foreign exchange rates on financial performance and cash flows. As of March 31, 2013 and December 31, 2012, foreign currency denominated borrowings account for 49% and 43% of total consolidated borrowings, respectively.

Presented below are the Group's foreign currency denominated financial assets and liabilities as of March 31, 2013 and December 31, 2012, translated to Philippine Peso.

	March 31, 2013		December 31, 2012	
	US Dollar	Philippine Peso equivalent[1]	US Dollar	Philippine Peso equivalent[1]
Loans and receivables				
Cash	**US$5,547**	**₱226,318**	US$11,326	₱464,921
Trade and other receivables	**171**	**6,970**	925	37,960
Total financial assets	**5,718**	**233,287**	12,250	502,881
Other financial liabilities				
Trade and other payables	**31**	**1,263**	8,527	350,050
Long-term debt	**50,060**	**2,042,452**	50,060	2,054,963
Finance lease obligation	**642,373**	**26,208,818**	645,025	26,478,276
Total financial liabilities	**692,464**	**28,252,534**	703,612	28,883,289
Net foreign currency denominated assets	**(US$686,746)**	**(₱28,019,246)**	(US$691,362)	(₱28,380,409)

[1] *$1 = ₱40.8000 ending Mar 31, 2013*
$1 = ₱41.0500 ending Dec 31, 2021

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates, with all other variables held constant, of the Group's income before tax as of March 31, 2013 and December 31, 2012.

	Increase/ (decrease) in US Dollar	Effect on income before tax
March 31, 2013		
US dollar denominated accounts	**US Dollar strengthens by 5%**	**(₱1,400,962)**
US dollar denominated accounts	**US Dollar weakens by 5%**	**1,400,962**
December 31, 2012		
US dollar denominated accounts	US Dollar strengthens by 5%	(₱1,419,020)
US dollar denominated accounts	US Dollar weakens by 5%	1,419,020

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

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

Credit risk

For its cash investments, AFS investments and receivables, the Group's credit risk pertains to possible default by the counterparty, with a maximum exposure equal to the carrying amount of these investments. With respect to cash investments and AFS investments, the risk is mitigated by the short-term and/or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions and entities of high credit standing. With respect to receivables, credit risk is controlled by the application of credit approval, limit and monitoring procedures. It is the Group's policy to only enter into transactions with credit-worthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales are made to customers with appropriate credit history and it has internal mechanisms to monitor the granting of credit and management of credit exposures.

Concentration Risk
Credit risk concentration of the Group's receivables according to the customer category as of March 31, 2013 and December 31, 2012 is summarized in the following table:

	March 31, 2013	December 31, 2012
Power distribution		
Residential	**₱347,494**	₱345,155
Commercial	**126,611**	118,114
Industrial	**448,170**	488,937
City street lighting	**14,652**	10,903
Power generation		
Spot market	**1,179,324**	978,530
Power supply contracts	**4,929,897**	5,771,265
	₱7,046,148	₱7,712,904

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

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

Gearing ratios of the Group as of March 31, 2013 and December 31, 2012 are as follows:

	March 31, 2013	Restated December 31, 2012
Bank loans	**₱992,978**	₱1,277,000
Long-term debt	**57,149,974**	65,602,331
Cash and cash equivalents	**(23,479,511)**	(30,678,493)
Net debt (a)	**34,663,441**	36,200,838
Equity	**87,200,710**	82,501,862
Equity and net debt (b)	**₱121,864,151**	₱118,702,700
Gearing ratio (a/b)	**28.44%**	30.50%

Certain entities within the Group that are registered with the BOI are required to raise a minimum amount of capital in order to avail of their registration incentives. As of March 31, 2013, these entities have complied with the requirement as applicable.

No changes were made in the objectives, policies or processes during the period ended March 31, 2013 and December 31, 2012.

K Financial Instruments

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

	March 31, 2013		December 31, 2012	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
FINANCIAL ASSETS				
Cash and cash equivalents	**₱23,479,511**	**₱23,479,511**	₱30,678,493	₱30,678,493
Trade and other receivables	**7,188,241**	**7,188,241**	8,115,031	8,115,031
	30,667,752	**30,667,752**	38,793,524	38,793,524
Derivative Asset	**142**	**142**	2,631	2,631
AFS Financial Assets	**3,944**	**3,944**	3,744	3,744
	₱30,671,838	**₱30,671,838**	₱38,799,899	₱38,799,899
FINANCIAL LIABILITIES				
Other Financial Liabilities				
Bank loans	**₱992,978**	**₱992,978**	₱1,277,000	₱1,277,000
Long-term debt				
Floating - long-term debt	**2,187,282**	**2,187,282**	2,251,863	2,251,863
Fixed rate - long-term debt	**896,100**	**1,040,350**	8,924,086	9,303,524
Payable to preferred shareholder of a subsidiary	**21,025**	**21,025**	46,068	46,068
Finance lease obligation	**54,045,567**	**64,966,806**	54,380,314	62,918,287
Customers' deposits	**2,445,570**	**2,445,570**	2,404,361	2,404,361
Long-term obligation on power distribution system	**279,099**	**466,542**	270,843	429,088
Trade and other payables				
Trade payables	**2,333,220**	**2,333,220**	3,346,923	3,346,923
Accrued expenses	**952,262**	**952,262**	298,374	298,374
Other liabilities	**1,935,018**	**1,935,018**	3,538,312	3,538,312
	5,220,500	**5,220,500**	7,183,609	7,183,609
	66,088,121	**77,341,053**	76,738,144	85,813,800
Financial Liability at FVPL				
Derivative liabilities	**20,824**	**20,824**	29,173	29,173
	₱66,108,945	**₱77,361,877**	₱76,767,317	₱85,842,973

Fair Value of Financial Instruments

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

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

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

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

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

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

Floating-rate borrowings. Since repricing of the variable-rate interest bearing loan is done on a quarterly basis, the carrying value approximates the fair value.

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

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

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

AFS investments. These are carried at cost less impairment because fair value cannot be determined reliably due to the unpredictable nature of cash flows and lack of suitable methods of arriving at reliable fair value.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

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

Only the Group's quoted AFS investments and derivative instruments, which are classified under Level 1 and Level 2, are measured and carried at fair value. During the reporting period ending March 31, 2012, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

L **Disclosures**

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

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

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

Changes in Accounting Policies
The accounting policies followed in the preparation of the interim consolidated financial statements are consistent with those of the previous financial year except for the amended PFRS and Philippine Interpretations which the Group has adopted starting January 1, 2013. Except as otherwise indicated, adoption of the following amended and revised PFRS and Philippine Interpretations and improvements to PFRS did not have any significant impact to the Group's consolidated financial statements:

- *PAS 1, Financial Statement Presentation (Amendment) - Presentation of Items of Other Comprehensive Income (OCI)*
  The amendments to PAS 1 change the grouping of items presented in OCI. Items that can be reclassified (or "recycled") to profit or loss at a future point in time (for example, upon derecognition or settlement) will be presented separately from items that will never be recycled. The amendments affect presentation only and have no impact on the Group's financial position or performance.

- *PAS 19, Employee Benefits (Revised)*
  The amendments to PAS 19 require the net defined benefit assets or liabilities to be recognized on the consolidated balance sheet without any deferral of actuarial gains and losses. Actuarial gains and losses are to be recognized immediately in OCI; this change removes the 'corridor method' and eliminates the ability for entities to recognize changes in the defined benefit obligation and in plan assets in profit or loss. Expected return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation.

  With the retroactive application of the above amendments, the Group restated its previous years' consolidated financial statements to effect the following adjustments:

	As at December 31, 2012	As at January 1, 2012
Increase (decrease) in:		
Consolidated balance sheets		
Net pension liability	₱93,848	₱104,807
Net pension asset	(281,092)	(246,859)
Deferred income tax liabilities	(103,991)	(90,030)
Deferred income tax assets	352	5,866
Investments in and advances to associates	(36,217)	(38,171)
Other comprehensive income	(380,792)	(351,846)
Retained earnings	45,517	20,445
Non-controlling interests	28,463	37,460

The consolidated statements of income and of comprehensive income for the period ended March 31, 2012 are not restated since 2012 remeasurements of defined benefit obligation and plan assets would have been done at year end 2012, and the impact to interim profit or loss resulting from the revised computation of net benefit expense or income is immaterial.

- *PAS 27, Separate Financial Statements (as revised in 2011)*
  As a consequence of the new PFRS 10, Consolidated Financial Statement and PFRS 12, Disclosure of Interests in Other Entities, what remains of PAS 27 is limited to accounting for subsidiaries, jointly controlled entities, and associates in separate parent company financial statements.

- *PAS 28, Investments in Associates and Joint Ventures (as revised in 2011)*
  As a consequence of the new PFRS 11, Joint Arrangements and PFRS 12, PAS 28 has been renamed PAS 28, Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

- *PFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities*
  These amendments require an entity to disclose information about rights of set-off and related arrangements (such as collateral agreements). The new disclosures are required for all recognized financial instruments that are set off in accordance with PAS 32. These disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or 'similar agreement', irrespective of whether they are set-off in accordance with PAS 32. The amendments affect disclosures only and have no impact on the Group's financial position or performance.

- *PFRS 10, Consolidated Financial Statements*
  PFRS 10 replaces the portion of PAS 27 that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12, Consolidation - Special Purpose Entities. PFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by PFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in PAS 27.

- *PFRS 11, Joint Arrangements*
  PFRS 11 replaces PAS 31, Interests in Joint Ventures and SIC-13, Jointly-controlled Entities - Non-monetary Contributions by Venturers. PFRS 11 removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, JCEs that meet the definition of a joint venture must be accounted for using the equity method.

- *PFRS 12, Disclosure of Interests with Other Entities*
  As a consequence of the new PFRS 11, Joint Arrangements and PFRS 12, PAS 28 has been renamed PAS 28, Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates.

- *PFRS 13, Fair Value Measurement*
  PFRS 13 establishes a single source of guidance under PFRSs for all fair value measurements. PFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under PFRS when fair value is required or permitted. This standard is applied prospectively as of the beginning of the annual period in which it is

initially applied. Its disclosure requirements need not be applied in comparative information provided for periods before initial application of PFRS 13.

New Accounting Standards and Amendments to Existing Standards Effective Subsequent to March 31, 2013

- *PAS 32, Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities (Amendments)*
  The amendments clarify the meaning of "currently has a legally enforceable right to set-off" and also clarify the application of PAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments affect presentation only and have no impact on the Group's financial position or performance. The amendments to PAS 32 are to be retrospectively applied for annual periods beginning on or after January 1, 2014.

- *PFRS 9, Financial Instruments*
  PFRS 9, as issued, reflects the first phase on the replacement of PAS 39 and applies to the classification and measurement of financial assets and liabilities as defined in PAS 39, Financial Instruments: Recognition and Measurement. Work on impairment of financial instruments and hedge accounting is still ongoing, with a view to replacing PAS 39 in its entirety. PFRS 9 requires all financial assets to be measured at fair value at initial recognition. A debt financial asset may, if the fair value option (FVO) is not invoked, be subsequently measured at amortized cost if it is held within a business model that has the objective to hold the assets to collect the contractual cash flows and its contractual terms give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal outstanding. All other debt instruments are subsequently measured at fair value through profit or loss. All equity financial assets are measured at fair value either through OCI or profit or loss. Equity financial assets held for trading must be measured at fair value through profit or loss. For FVO liabilities, the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation of the fair value change in respect of the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss. All other PAS 39 classification and measurement requirements for financial liabilities have been carried forward into PFRS 9, including the embedded derivative separation rules and the criteria for using the FVO. The adoption of the first phase of PFRS 9 will have an effect on the classification and measurement of the Group's financial assets, but will potentially have no impact on the classification and measurement of financial liabilities.

  After evaluating the impact of PFRS 9 and considering that it will not have any significant effect on the Group's operating results or financial condition, management has decided not to early adopt the said standard. It will be implemented only when it becomes effective on January 1, 2015. Thus, the interim consolidated financial statements do not reflect the impact of the said standard.

2. Seasonality of Interim Operations

Operations of hydropower plants are generally affected by climatic seasonality. Seasonality and location have a direct effect on the level of precipitation. In Luzon where rainy and summer seasons are more pronounced, higher rainfall is normally experienced in the months of June to September. As such, the hydropower plants located in Luzon operate at their maximum capacity during this period. In contrast, the hydropower plants in Mindanao experience a well-distributed rainfall throughout the year, with a slightly better precipitation during the months of December to

April. This precipitation seasonality greatly affects subsidiary companies HI, HSI and LHC, which operate 'run-of-river' hydropower plants since these plants do not have any means to impound water.

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

3. <u>Material Events and Changes</u>

a) Dividend declaration

On March 5, 2013, the BOD approved the declaration of cash dividends of ₱1.66 a share (₱12.21 billion) to all stockholders of record as of March 19, 2013. The cash dividends are payable on April 15, 2013.

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

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

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

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

4. <u>Material Adjustments</u>

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

5. <u>Contingencies</u>

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

M. Schedule of Relevant Financial Ratios

	FORMULA	MAR 2013	Restated DEC 2012
LIQUIDITY RATIOS			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	**3.50**	2.65
Acid test ratio	$\frac{\text{Cash + Marketable securities + Accounts receivable + Other liquid assets}}{\text{Current liabilities}}$	**3.04**	2.45
SOLVENCY RATIOS			
Debt to equity ratio	$\frac{\text{Total liabilites}}{\text{Total equity}}$	**0.80**	0.98
Asset to equity ratio	$\frac{\text{Total Assets}}{\text{Total Equity}}$	**1.80**	1.98
Net debt to equity ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total Equity}}$	**0.40**	0.44
Gearing ratio	$\frac{\text{Debt - Cash \& cash equivalents}}{\text{Total Equity + (Debt - Cash \& cash equivalents)}}$	**28.44%**	30.50%
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	**n.a.**	5.33
PROFITABILITY RATIOS			
Operating margin	$\frac{\text{Operating profit}}{\text{Total revenues}}$	**n.a.**	32.92%
Return on equity	$\frac{\text{Net income after tax}}{\text{Total equity}}$	**n.a.**	39.87%

*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 March 31, 2013

	30 Days	60 Days	90 Days	Over 90 Days	Total
A/R - Trade:					
Power Distribution Customers	649,332	187,524	35,223	59,569	931,648
Power Generation Customers	4,030,944	206,552	198,584	1,673,141	6,109,221
Management & Other Services Customers	1,083	879	388	2,929	5,279
Sub-total - A/R - Trade	**4,681,359**	**394,955**	**234,195**	**1,735,639**	**7,046,148**
Less : Allowance for Doubful Accounts					**1,115,685**
Net Trade Receivables					**5,930,463**
A/R - Non Trade	**1,009,146**	**57,578**	**26,485**	**164,569**	**1,257,778**
Grand Total	**5,690,505**	**452,533**	**260,680**	**1,900,208**	**7,188,241**

2) ACCOUNTS RECEIVABLE DESCRIPTION

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

3) NORMAL OPERATING CYCLE

Power Subsidiaries
- Distribution - 60 days
- Generation - 65 days