

POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION**BALANCE SHEET**

December 31, 2006

(With comparative figures for 2005)

	Notes	2006	2005
ASSETS			
Current Assets			
Cash and Cash Equivalents	2 & 3	₱ 11,846,343,033	₱ 6,785,415,519
Receivables	4 & 6	4,065,466,517	5,309,406,300
Office Supplies Inventory	2	1,149,964	2,294,960
Other Current Assets	5	3,728,372	3,293,006
Total Current Assets		15,916,687,886	12,100,409,785
Non-Current Assets			
Asset Sale Receivable	6 & 13	3,430,046,015	-
Investment in Bonds	2 & 7	10,299,003,647	14,737,952,073
Property and Equipment, net	2 & 8	68,765,240	68,770,628
Assumed REP Loans	9	16,898,723,764	17,582,056,674
Other Non-Current Assets	10	107,251,948	123,539,752
Total Non-Current Assets		30,803,790,614	32,512,319,127
Other Assets			
Universal Charge	11	582,598,401	1,718,876,103
Electricity Trading	12	13,435,791,802	-
Total Other Assets		14,018,390,203	1,718,876,103
TOTAL ASSETS		₱ 60,738,868,703	₱ 46,331,605,015
LIABILITIES AND EQUITY			
LIABILITIES			
Current Liabilities			
Current Portion of Long-Term Liabilities		₱ 2,603,720,601	₱ 2,568,088,829
Due to Government Agencies	6 & 13	8,539,363,832	1,748,351,434
Other Current Liabilities	14	122,805,665	118,825,894
Total Current Liabilities		11,265,890,098	4,435,266,157
Non-Current Liabilities			
Long- Term Liabilities - net of current portion	15	35,368,185,367	39,459,674,440
		35,368,185,367	39,459,674,440
Other Liabilities			
Universal Charge	11	582,598,401	1,718,876,103
Electricity Trading	12	13,435,791,802	-
Total Other Liabilities		14,018,390,203	1,718,876,103
TOTAL LIABILITIES		60,652,465,668	45,613,816,700
EQUITY	16	86,403,035	717,788,315
TOTAL LIABILITIES AND EQUITY		₱ 60,738,868,703	₱ 46,331,605,015

See accompanying Notes to Financial Statements.

POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION
STATEMENT OF CASH FLOWS

For the year ended December 31, 2006

(With comparative figures for 2005)

	Note	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES			
Collection of Income	P	761,257,752	P 6,582,249
Receipt of Interest Income		256,189,399	192,781,687
Receipt of Performance Bonds		273,143	3,313,478
Collection of Receivables		129,607	725,157
Refund of Overpayment of Expenses		70,987	1,305,499
Payment of Operating Expenses		(189,323,415)	(146,570,802)
Payment of Payables		(30,888,335)	(138,032,353)
Remittance of GSIS,PAG-IBIG/Withholding Taxes		(44,225,086)	(36,611,714)
Purchases of Office Supplies		(4,020,273)	(2,489,397)
Payment of Prepaid Expenses		(771,797)	(101,936)
Refund of Performance Bond		(24,829)	(2,291,630)
Security Deposit to LBP		-	(2,000)
Net Cash Provided (Used) by Operating Activities		748,667,153	(121,391,762)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipt from Sale of GENCO Assets		2,569,938,000	287,662,817
Receipt of Prepayment of Nomura Bonds		2,000,000,000	2,118,000,000
Purchase of Property and Equipment		(15,742,481)	(1,327,760)
Other Property, Plant and Equipment		(184,474)	(806,689)
Net Cash Provided by Investing Activities		4,554,011,045	2,403,528,368
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of Payment of Advances to National Power Corp.		1,642,000,000	1,704,605,277
Receipt of Payment of Advances to Bureau of Treasury		-	3,785,000,000
Advances to Bureau of Treasury		-	(3,785,000,000)
Advances to National Power Corp.		-	(1,704,605,277)
Payment of Assumed RECs Loans from NEA		(1,760,260,000)	(1,700,307,208)
Other Government Agencies		(2,122,778)	(25,000,000)
Net Cash Used by Financing Activities		(120,382,778)	(1,725,307,208)
EFFECT OF FOREIGN EXCHANGE CHANGES ON CASH AND CASH EQUIVALENTS			
		(121,367,906)	(6,182,344)
NET INCREASE IN CASH AND CASH EQUIVALENTS		5,182,295,420	556,829,398
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		6,785,415,519	6,234,768,465
CASH AND CASH EQUIVALENTS AT END OF YEAR	3	P 11,846,343,033	P 6,785,415,519

See accompanying Notes to Financial Statements.

POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION
STATEMENT OF CHANGES IN EQUITY

For the year ended December 31, 2006
(With comparative figures for 2005)

	Retained Earnings	Total
Balances - January 1, 2005	P (1,188,638,884)	P (1,188,638,884)
Changes in Equity for 2005:		
Net income for the year	1,904,198,617	1,904,198,617
Net adjustment for over accrual of interest expense on Nomura bond	2,352,598	2,352,598
Other Prior Year's Adjustments	(124,015)	(124,015)
Balances - December 31, 2005	P 717,788,315	P 717,788,315
Balances - January 1, 2006	P 717,788,315	P 717,788,315
Changes in Equity for 2006:		
Net Income for the year	685,413,499	685,413,499
Reduction of expense due to recomputation using Effective Interest Rate Method	8,363,105	8,363,105
Adjustment on over accrual of 2005 interest expense on Nomura bond	7,994,686	7,994,686
Reversal of outstanding balance of prior years Certified Obligations	2,675,144	2,675,144
Adjustment to reflect the correct value of investment in NPC bonds	(1,330,010,492)	(1,330,010,492)
Adjustment on over accrual of 2005 Interest Income on Investment in NPC bond	(4,051,777)	(4,051,777)
Adjustments on reconciliation of office supplies consumption	(945,291)	(945,291)
Non accrual of other MOOE expenses	(608,098)	(608,098)
Additional share in the Phi. Hosting of the 7th ACE Governing Council Meeting (AMEMSOME)	(216,055)	(216,055)
Balances - December 31, 2006	P 86,403,035	P 86,403,035

See accompanying Notes to Financial Statements.

POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION
STATEMENT OF INCOME AND EXPENSES

For the year ended December 31, 2006

(With comparative figures for 2005)

	Notes	2006	2005
INCOME	17	₱ 760,680,053	₱ 5,584,004
EXPENSES			
Personal Services			
Salaries & Wages		80,871,559	70,650,063
Personnel Benefits Contribution		10,671,677	9,262,676
Other Compensation		17,168,504	13,032,449
Other Personnel Benefits		5,196,978	4,007,439
		113,908,718	96,952,628
Maintenance and Other Operating Expenses			
Professional Services		116,125,601	88,313,918
Depreciation		17,963,126	16,416,756
Rent Expenses		10,413,854	8,838,626
Utility Expenses		9,466,719	8,267,377
Communication Expenses		5,683,788	5,267,237
Supplies & Materials		5,285,299	3,059,569
Training and Scholarship Expenses	18	4,782,683	867,951
Travelling Expenses		3,682,826	3,180,638
Representation Expenses		2,784,339	1,142,633
Extraordinary & Miscellaneous Expenses		1,812,235	1,859,937
Advertising Expenses		1,058,220	890,400
Repairs & Maintenance		1,029,651	819,957
Printing and Binding Expenses		627,894	-
Taxes Insurance Premiums & Other Fees		366,455	503,409
Other Maintenance & Operating Expenses	18	26,592,213	6,956,047
		207,674,903	146,384,454
Financial Expenses			
Am'tzn of Assumed REC Loans & Other Charges		699,620,714	259,143,547
Interest Expense	15	424,300,976	429,136,242
Financial Charges		35,049,846	31,507,452
		1,158,971,536	719,787,241
		1,480,555,157	963,124,323
INCOME (LOSS) FROM OPERATIONS		(719,875,104)	(957,540,319)
OTHER INCOME(EXPENSES)			
Gain on Foreign Exchange	2 & 19	1,105,201,353	2,611,072,814
Interest Income		299,835,824	250,365,714
Miscellaneous Income		251,426	300,408
		1,405,288,603	2,861,738,936
NET INCOME		₱ 685,413,499	₱ 1,904,198,617

See accompanying Notes to Financial Statements.