

**POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION****STATEMENT OF FINANCIAL POSITION**

December 31, 2010

(With comparative figures as of December 31, 2009)

(In Philippine Peso)

	Notes	2010	2009
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	2, 3	26,782,050,869	62,032,243,855
Power receivables, net	2, 4	33,226,070,843	71,177,621,036
Receivable from IPPAs	2, 5	11,595,911,577	1,671,655,447
Receivable from asset sale	2	-	1,594,956,589
Receivable from concession	2,5	-	7,872,978,206
Due from government agencies	6	88,769,180,175	82,399,303,549
Other receivables	7	16,272,380,962	11,882,119,719
Assets held for sale	2,8	20,600,428,891	6,237,242,070
Other current assets	9	6,843,767,864	13,016,466,935
<b>Total Current Assets</b>		<b>204,089,791,181</b>	<b>257,884,587,406</b>
<b>Non-Current Assets</b>			
Power receivables, net	2, 4	36,175,059,405	2,487,953,562
Receivable from IPPAs	2,5	404,058,052,388	239,330,453,504
Receivable from asset sale	2, 5	-	10,703,733,298
Receivable from concession	2	-	124,240,584,375
Property and equipment, net	2, 10	35,761,374,525	36,466,478,023
BOT Electric plants under capital lease, net	2, 11	51,424,338,983	237,203,980,308
Investment in TransCo	12	185,784,022,882	185,474,123,900
Other non-current assets	13	14,257,731,660	15,208,162,625
<b>Total Non-Current Assets</b>		<b>727,460,579,843</b>	<b>851,115,469,595</b>
<b>TOTAL ASSETS</b>		<b>931,550,371,024</b>	<b>1,109,000,057,001</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	14	41,369,282,259	49,159,624,905
BOT lease obligation	15	32,571,318,049	34,044,161,197
Current portion of long-term liabilities	16	40,957,574,926	43,019,049,633
Current portion of assumed REP loans	18	4,330,150,640	3,363,769,334
Due to TRANSCO	19	40,744,362,319	-
Due to GOCCs and national gov't. agencies	20	43,540,595,761	25,531,030,267
<b>Total Current Liabilities</b>		<b>203,513,283,954</b>	<b>155,117,635,336</b>
<b>Non-Current Liabilities</b>			
BOT lease obligation	15	361,654,492,899	407,497,724,416
Long-term liabilities	16	266,091,926,969	279,005,671,232
Assumed Rural Electrification Program loans	18	2,390,469,694	4,557,916,830
Deferred concession income	2	-	166,293,974,337
Other long-term liabilities	17	57,999,762,671	46,207,775,700
<b>Total Non-Current Liabilities</b>		<b>688,136,652,233</b>	<b>903,563,062,515</b>
<b>Equity</b>			
Capital from asset-debt transfer	21	(22,553,100,049)	(22,485,735,123)
Appraisal capital		27,451,371,295	-
Retained earnings	22	35,002,163,591	72,805,094,273
<b>Total Equity</b>		<b>39,900,434,837</b>	<b>50,319,359,150</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>931,550,371,024</b>	<b>1,109,000,057,001</b>

See accompanying Notes to Financial Statements.

**POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION**  
**STATEMENT OF COMPREHENSIVE INCOME**

For the year ended December 31, 2010

(With comparative figures for the year ended December 2009)

(In Philippine Peso)

	Notes	2,010	2009
<b>INCOME</b>	23		
Gain (loss) on sale/disposal of assets		(14,571,173,208)	16,254,531,911
Income from IPPA		5,108,813,610	18,056,954,781
Power generation		(14,549,024,195)	(12,738,836,707)
Dividend income		25,749,520,849	-
		<b>1,738,137,056</b>	<b>21,572,649,985</b>
<b>EXPENSES</b>			
<b>Personal Services</b>			
Salaries & wages		90,303,719	86,971,698
Personnel benefits contribution		11,962,942	11,520,653
Other compensation		21,383,028	19,647,025
Other personnel benefits		17,990,032	9,422,788
		<b>141,639,721</b>	<b>127,562,164</b>
<b>Maintenance and Other Operating Expenses</b>	24		
Professional services		351,302,990	1,160,868,929
Taxes, insurance premiums & other fees		343,173,230	557,002,865
Rent		15,776,937	12,985,901
Utilities		15,213,824	15,282,794
Depreciation		13,167,284	12,847,018
Traveling expenses		9,906,209	9,020,006
Representation		9,033,337	13,111,522
Communication		8,686,973	8,910,625
Supplies & materials		8,025,452	6,608,811
Repairs & maintenance		3,449,494	2,040,991
Training & scholarship		3,677,487	3,428,021
Advertising expenses		3,089,592	4,991,841
Extraordinary & miscellaneous expenses		2,775,900	2,615,501
Bad debts		645,561,464	236,665,796
Other maintenance & operating expenses		40,896,510	84,170,243
		<b>1,473,736,683</b>	<b>2,130,550,864</b>
<b>PROFIT (LOSS) FROM OPERATIONS BEFORE FINANCIAL EXPENSES</b>		<b>122,760,652</b>	<b>19,314,536,957</b>
<b>Financial Expenses</b>	25		
Interest expense		23,191,110,875	20,412,242,555
Financial charges		2,505,835,222	2,137,862,021
		<b>25,696,946,097</b>	<b>22,550,104,576</b>
<b>LOSS FROM OPERATIONS AFTER FINANCIAL EXPENSES</b>		<b>(25,574,185,445)</b>	<b>(3,235,567,619)</b>
<b>OTHER INCOME (EXPENSES)</b>	26		
Gain on foreign exchange		19,204,838,581	17,242,190,574
Interest income		353,074,740	691,876,075
Miscellaneous income		557,639,302	720,082,318
		<b>20,115,552,623</b>	<b>18,654,148,967</b>
<b>NET PROFIT (LOSS)</b>		<b>(5,458,632,822)</b>	<b>15,418,581,348</b>

See accompanying Notes to Financial Statements

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

For the year ended December 31, 2010

(With comparative figures for the year ended December 31, 2009)

(In Philippine Peso)

	2010	2009
<b>CAPITAL FROM ASSET-DEBT TRANSFER</b>		
Balance, January 1	(22,485,735,123)	(73,841,013,083)
Adjustments on:		
Offsetting of rural electrification program loan amortization payable to NEA against the P2.215 billion collections made by the former from the loans already assumed by PSALM	307,622,241	-
Adjustment of NPC receivable transferred to PSALM	(374,987,167)	-
Recognition of TRANSCO's appraisal capital	-	69,575,722,980
Closing of the assumed rural electrification loans of electric cooperatives from NEA and other government agencies	-	(18,073,841,332)
Closing of payment made by PSALM to San Pascual Cogeneration Company Intl BV re: termination of the power purchase agreement between SPPC and	-	(338,142,000)
Loan-related transactions and various charges to asset-debt	-	191,538,312
Balance, December 31	(22,553,100,049)	(22,485,735,123)
<b>APPRAISAL CAPITAL</b>	<b>27,451,371,295</b>	<b>-</b>
<b>RETAINED EARNINGS</b>		
Balance, January 1	72,805,094,272	30,406,902,488
Net profit (loss)	(5,458,632,823)	15,418,581,348
Net (debits)credits for all adjustments relating to OMA and asset-debt account transfers	(3,600,167,012)	16,145,051,726
Prior year's adjustments:		
On assumed REP loans from NEA and other gov't. agencies		10,834,558,711
Concession fee recorded as income in TransCo and distributed as dividend to PSALM	(18,056,954,781)	-
DAA and MRR expenses	(7,331,374,240)	-
Restatement of IPPA receivables and payables	(2,160,118,547)	-
Elimination of accounts recorded both by PSALM and NPC	(1,320,268,221)	-
Final withholding tax on interest payments of foreign loans	(937,631,706)	-
Interest expense	(224,930,305)	-
Maintenance and operating expenses	(97,205,315)	-
Depreciation	(3,192,354)	-
On loan-related transactions	729,065,333	-
Interest income	414,118,628	-
Certified obligations	244,360,662	-
Balance, December 31	35,002,163,591	72,805,094,273
<b>EQUITY</b>	<b>39,900,434,837</b>	<b>50,319,359,150</b>

*See accompanying Notes to Financial Statements.*

**POWER SECTOR ASSETS AND LIABILITIES MANAGEMENT CORPORATION****STATEMENT OF CASH FLOWS**

For the year ended December 31, 2010

(With comparative figures for the year ended December 31, 2009)

(In Philippine Peso)

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from sale of generation assets	16,104,635,307	39,270,738,570
Proceeds from concession of transmission assets	14,256,516,631	52,237,366,538
Collection of IPPA receivables	21,750,568,820	-
Collection of receivables	81,108,288,321	98,558,034,650
Other receipts/income	2,184,770,852	1,046,806,678
Receipt of interest income	471,327,152	1,187,235,819
Receipt of TransCo remittance for PUC	178,966,934	2,154,806,040
Receipt of performance bonds/bid security	1,664,148	109,384,206
Payment of operating expenses of power plants	(64,271,867,901)	(38,415,945,186)
Payment of fixed operating expenses of IPPs	(33,912,344,674)	(60,132,104,071)
Remittance of GSIS,PAG-IBIG/withholding taxes	(5,306,823,679)	(3,131,291,281)
Transfer of Fund to NPC for OMA Working Fund	(3,001,666,701)	(2,790,601,860)
Payment of PSALM's OPEX	(969,814,940)	(2,021,447,232)
Payment of payables	(301,480,273)	(167,871,319)
Payment of Transco's PUC	(118,927,471)	(2,148,656,296)
Refund of performance bonds/retention for contract payments	(60,772,497)	(89,004,074)
Purchase of office supplies	(5,590,064)	(4,857,140)
Collection of forfeited bond - Emerald Energy Corp.	-	739,287,161
Net cash provided by operating activities	28,107,449,965	86,401,881,203
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(6,114,335)	(74,026,648)
Net cash used by investing activities	(6,114,335)	(74,026,648)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds of bond issuance	30,000,000,000	46,674,787,860
Proceeds of bond exchange	-	27,788,635,127
Remittance from DPWH for SRMPP	-	83,270,000
Payment of principal debt	(39,452,508,930)	(49,805,394,887)
Payment of lease obligation - BOT plants	(34,044,161,197)	(37,387,608,990)
Payment of interest	(17,743,015,683)	(15,306,400,445)
Payment of NG Advances - Casecanan	-	(6,963,773,641)
Payment of guaranty fee to BTr	(414,634,834)	(2,397,913,964)
Payment of assumed RECs loans from NEA	(772,223,184)	(1,370,270,828)
Advances re interest for SRMPP	(147,413,230)	(285,795,276)
Payment of documentary stamps	(290,987,000)	(236,570,000)
Bond Swap Receivables - POS	(186,769,107)	(46,834,000)
Other loan-related expenses	(146,889,851)	(151,073,310)
Net cash used by financing activities	(63,198,603,016)	(39,404,942,354)
Effect of foreign exchange changes on cash and cash equivalents	(152,925,600)	(129,766,488)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(35,250,192,986)</b>	<b>46,793,145,712</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b>62,032,243,855</b>	<b>15,239,098,143</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>26,782,050,869</b>	<b>62,032,243,855</b>

*See accompanying Notes to Financial Statements.*