



112192011001034

**SECURITIES AND EXCHANGE COMMISSION**

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SEC Registration Number

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(Company's Full Name)

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

Mr. Luis R. Ymson, Jr.

(Contract Person)

982 3000

(Company Telephone Number)

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Month Day
(Fiscal Year)

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Month Day
(Annual Meeting)

(Secondary License Type, If Applicable)

CFD

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

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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 30 September 2011
2. SEC Identification Number 59366
3. BIR Tax Identification Number - 001-748-412
4. Exact name of registrant as specified in its charter: ALSONS CONSOLIDATED RESOURCES, INC.
5. Philippines
Province, Country or other jurisdiction of
incorporation or organization
6. Industry Classification Code: _____ (SEC Use Only)
7. Alsons Bldg., 2286 Pasong Tamo Extension,
Makati City 1231
Address of principal office Postal Code
8. (632) 982-3000
Registrant's telephone number, including area code
9. Not Applicable
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 4 and 8 of the SRC

<u>Title of Each Class</u>	<u>Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding</u>
Common Stock P 1.00 par value	6,291,500,000 Shares
11. Are any or all of these securities listed on the Philippine Stock Exchange ?
Yes ☒ No ☐
If yes, state the name of such Stock Exchange and the class/es of securities listed therein:
Philippine Stock Exchange Common Stock
12. Check whether the registrant:
 - (a) has filed all reports required to be filed by Section 11 of the Revised Securities Act (RSA) and RSA Rule 11(a)-1 thereunder and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports):
Yes ☒ No ☐
 - (b) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

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**ALSONS CONSOLIDATED RESOURCES, INC.
AND SUBSIDIARIES**

**Unaudited Interim Consolidated Financial Statements
September 30, 2011 and for the Nine-Month Period Ended
September 30, 2011 and 2010
*(With Comparative Audited Consolidated Balance Sheet
As of December 31, 2010)***

ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**UNAUDITED CONSOLIDATED BALANCE SHEET SEPTEMBER 30, 2011**

(With Comparative Audited Figures as at December 31, 2010)

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents	₱580,903,360	₱557,484,545
Short-term cash investments	1,400,739,730	925,252,004
Trade and other receivables	3,327,957,819	3,786,571,932
Inventories	144,913,361	149,473,558
Real estate inventories	926,259,430	965,934,960
Prepaid expenses and other current assets	152,618,731	126,177,090
Total Current Assets	6,533,394,431	6,510,894,089
Noncurrent Assets		
Noncurrent portion of installment receivables	8,518,424	8,518,424
Investments in real estate	1,238,278,289	1,236,984,371
Investments in associates	50,598,703	49,348,697
Property, plant and equipment	2,908,620,575	3,213,630,071
Available-for-sale financial assets	469,134,680	1,414,733,973
Goodwill	977,591,766	983,029,619
Other noncurrent assets	812,166,433	667,025,629
Total Noncurrent Assets	6,464,908,870	7,573,270,784
	₱12,998,303,301	₱14,084,164,873
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	₱489,222,173	₱593,628,607
Loans payable	13,803,497	30,000,000
Income tax payable	67,044,817	96,301,458
Current portion of long-term debt	330,347,572	345,385,504
Debts under negotiation	—	145,000,000
Total Current Liabilities	900,418,059	1,210,315,569
Noncurrent Liabilities		
Long-term debt - net of current portion	887,037,251	997,560,955
Deferred tax liabilities - net	438,871,554	439,161,455
Retirement payable	15,292,378	14,490,866
Customers' deposits	98,948,896	46,577,892
Asset retirement obligation	33,966,200	32,004,919
Other noncurrent liabilities	21,326,167	14,436,523
Total Noncurrent Liabilities	1,495,442,446	1,544,232,610
Total Liabilities	2,395,442,446	2,754,548,179
Equity		
Capital stock	6,291,500,000	6,291,500,000
Other reserves	(891,307,991)	54,391,302
Cumulative translation adjustment	1,055,007,498	1,247,908,915
Retained earnings	1,154,795,509	821,624,316
Attributable to owners of the parent	7,609,995,016	8,415,424,533
Non-controlling interests	2,992,447,779	2,914,192,161
Total Equity	10,602,442,795	11,329,616,694
	₱12,998,303,301	₱14,084,164,873

ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

	Nine Months Ended September 30		Three Months September 30	
	2011 Unaudited	2010 Unaudited	2011 Unaudited	2010 Unaudited
REVENUE				
Energy fees	₱1,522,188,069	₱1,535,910,220	₱504,816,617	₱506,427,707
Power sales and service income	505,124,373	403,624,388	188,451,800	140,150,720
Sale of real estate	14,718,212	33,799,929	1,537,971	4,168,430
Management fees	22,278,550	24,737,899	12,816,621	14,786,166
Rental income and others	17,528,866	11,594,143	6,062,135	3,326,519
	2,081,838,070	2,009,666,580	713,685,144	668,859,542
INCOME (EXPENSES)				
Cost of goods and services	(1,069,002,664)	(1,023,231,727)	(366,948,670)	(371,556,993)
General and administrative expenses	(221,758,280)	(216,926,837)	(72,890,211)	(29,525,842)
Finance charges - net	16,183,414	2,913,779	5,395,300	4,645,288
Other income - net	292,385,553	195,948,204	26,433,233	17,586,189
	(982,191,977)	(1,041,296,581)	(408,010,348)	(378,851,357)
INCOME BEFORE INCOME TAX	1,099,646,093	968,369,999	305,674,796	290,008,185
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	191,646,767	203,922,236	67,244,026	62,312,899
Deferred	(7,685,738)	(13,746,391)	(910,670)	(9,800,234)
	183,961,029	190,175,846	66,333,356	52,512,665
NET INCOME	₱915,685,064	₱778,194,153	₱239,341,440	₱237,495,521
Attributable to:				
Owners of the parent	₱402,377,693	₱254,252,590	₱113,384,377	₱103,603,258
Non-controlling interests	513,307,370	523,941,563	125,957,062	133,892,263
	₱915,685,064	₱778,194,153	239,341,439	237,495,521
Basic/diluted earnings per share attributable to owners of the parent	₱0.064	₱0.040	₱0.018	₱0.016

ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES
UNAUDITED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME

	Nine Months Ended September 30		Three Months Ended September 30	
	2011 (Unaudited)	2010 (Unaudited)	2011 (Unaudited)	2010 (Unaudited)
NET INCOME FOR THE PERIOD	₱915,685,063	₱778,194,153	₱239,341,439	₱237,495,521
OTHER COMPREHENSIVE LOSS				
Loss on fair valuation of AFS financial assets	(980,131,133)		(105,829,240)	—
Tax effect	34,431,839	—	3,722,622	—
	(945,699,293)		(102,106,619)	—
Translation adjustments	(86,630,388)	(28,693,312)	—	—
	(1,032,329,671)	(28,693,312)	(102,106,619)	237,495,521
TOTAL COMPREHENSIVE INCOME (LOSS)	(₱116,644,608)	₱749,500,841	₱137,234,820	₱237,495,521
Attributable to:				
Owners of the parent	(541,477,959)	245,040,320	12,013,640	103,603,258
Non-controlling interests	423,833,351	504,460,521	125,221,180	133,892,263
	(₱116,644,608)	₱749,500,841	₱137,234,820	₱237,495,521

ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE NINE-MONTH PERIODS SEPTEMBER 30, 2011 AND 2010

	Attributable to Equity Holders of the Parent					
	Capital Stock	Actuarial Gains (Losses)	Unrealized Gains (Losses) on AFS Financial Assets	Retained Earnings	Cumulative Translation Adjustment	Non-controlling Interests
Balance at January 1, 2011	₱6,291,500,000	(₱3,892,053)	₱58,283,355	₱821,624,316	₱1,096,049,526	₱3,073,105,563
Net income	-	-	-	402,377,693	-	513,307,370
Other comprehensive loss	-	-	(945,699,293)	-	(41,042,068)	(45,588,350)
Total comprehensive income (loss)	-	-	(945,699,293)	402,377,693	(41,042,068)	467,719,020
Dividends	-	-	-	(69,206,500)	-	(548,376,804)
Balance at September 30, 2011	₱6,291,500,000	(₱3,892,053)	(₱87,415,938)	₱1,154,795,509	₱1,055,007,498	₱2,992,447,779
Balance at January 1, 2010	₱6,291,500,000	(₱3,313,821)	₱12,878,575	₱606,677,806	₱1,415,178,468	₱2,848,716,815
Net income	-	-	-	254,252,590	-	523,941,563
Other comprehensive loss	-	-	(4,369,205)	-	(49,039,468)	24,715,361
Total comprehensive income (loss)	-	-	(4,369,205)	254,252,590	(49,039,468)	548,65,924
Dividends	-	-	-	(62,915,000)	-	(560,730,532)
Balance at September 30, 2010	₱6,291,500,000	(₱3,313,821)	₱8,509,370	₱798,015,396	₱1,366,139,000	₱2,836,643,207

ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended September 30	
	2011 (Unaudited)	2010 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱915,685,064	₱778,194,153
Adjustments for:		
Depreciation and amortization	449,148,266	471,987,186
Gain on settlement of debts	(57,519,783)	-
Interest income	(39,214,596)	(38,112,604)
Finance charges	23,031,182	35,198,825
Retirement costs	9,658,407	8,404,059
Unrealized foreign exchange (gain) loss	(6,356,142)	1,096,052
Equity in net earnings of associates	(1,265,270)	(3,068,293)
Impairment loss on deferred project cost	814,756	-
Accretion expense for asset retirement obligation	1,961,283	6,477,804
Impairment loss on property, plant and equipment	-	1,300,000
Loss on sale of property, plant and equipment	-	44,250
Operating income before working capital changes	1,295,943,167	1,261,521,433
Decrease (increase) in:		
Trade and other receivables	259,853,093	(171,151,887)
Prepaid expenses and other current assets	(38,318,808)	17,789,917
Inventories	3,428,098	5,014,336
Real estate inventories	13,880,737	41,479,733
Noncurrent portion of installment receivables	-	7,658,636
Increase (decrease) in:		
Accounts payable and other current liabilities	(104,406,433)	2,864,987
Customers' deposits	52,371,004	39,517,964
Net cash flows from operations	1,482,750,858	1,204,695,119
Retirement contributions	(5,727,279)	(6,111,849)
Income taxes paid	(98,301,458)	(17,870,199)
Net cash flows from (used in) operating activities	1,378,722,121	1,180,713,071
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease (increase) in:		
Other noncurrent assets	(34,264,487)	(50,831,490)
Short-term cash investments	(475,487,726)	(276,534,441)
Investments in real estate	1,293,918	(767,058)
Additions to property, plant and equipment	(175,613,729)	(90,940,871)
Interest received	39,416,787	20,240,199
Increase in other noncurrent liabilities	7,711,985	745,817
Proceeds from disposal of property, plant and equipment	140,345	-
Net cash flows from (used in) investing activities	(636,802,907)	(398,087,844)

(Forward)

ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended	
	September 30	
	2011	2010
	(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Cash dividends paid	(477,244,394)	(495,672,332)
Debts	(191,597,704)	(375,214,072)
Interest	(36,944,015)	(35,198,825)
Net cash flows used in financing activities	(643,508,987)	(906,085,229)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	36,133,100	(123,459,002)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	(6,356,142)	(96,242,025)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	557,484,545	662,008,558
CASH AND CASH EQUIVALENTS AT END OF PERIOD	₱580,905,360	₱346,065,506

See accompanying Notes to Unaudited Interim Condensed Consolidated Financial Statements.

ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES
NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

1. General Information

Corporate Information

Alsons Consolidated Resources, Inc. (ACR or Parent Company) is a stock corporation organized on December 24, 1974 as Victoria Gold Mining Corporation to engage in the business of exploration of oil, petroleum and other mineral products. The corporate name was changed to Terra Grande Resources, Inc. in March 1995 and to Alsons Consolidated Resources, Inc. in June 1995 to mark the entry of the Alcantara Group. ACR's primary purpose was consequently changed to that of an investment holding company and oil exploration was relegated as a secondary purpose. The registered office address of ACR is 2286 Don Chino Rocas Ave. Extension, Makati City 2281.

The consolidated financial statements include the accounts of ACR and the subsidiaries (collectively referred to as "the Group") listed in the table below:

Subsidiaries	Nature of business	Percentage of Ownership			
		September 30, 2011		December 31, 2010	
		Direct	Indirect	Direct	Indirect
Conal Holdings Corporation (CHC)	Investment holding	60.00	—	60.00	—
Alsings Power Holdings, Inc. (APHI)	Investment holding	20.00	80.00	20.00	80.00
Western Mindanao Power Corporation (WMPC)	Power generation	—	55.00	—	55.00
Southern Philippines Power Corporation (SPPC)	Power generation	—	55.00	—	55.00
Alto Power Management Corporation (APMC)	Management services	—	60.00	—	60.00
APMC International Limited (AIL)	Management services	—	100.00	—	100.00
Mapalad Power Corporation	Power generation	—	100.00	—	100.00
Sarangani Energy Corporation	Power generation	100.00	—	—	100.00
Alsons Land Corporation (ALC)	Real estate	99.55	—	99.55	—
Lima Land, Inc. (LLI)	Real estate	—	59.93	—	59.93
Isleworth Properties, Inc.	Real estate	—	100.00	—	100.00
Lima Utilities Corporation (LUC)	Power distribution	—	100.00	—	100.00
Lima Water Corporation (LWC)	Water distribution	—	100.00	—	100.00
	Power generation-				
Alsons Power International Limited (APIL)	Offshore	100.00	—	100.00	—
ACR Mining Corporation (ACRMC)	Exploration and mining	100.00	—	100.00	—
MADE (Markets Developers), Inc.	Distribution	80.44	—	80.44	—
Kamanga Agro-Industrial Ecozone Development Corporation	Agro-industrial economic zone	100.00	—	100.00	—

SPPC and WMPC are independent power producers (IPPs) with Energy Conversion Agreements (ECAs) with the Philippine government through the National Power Corporation (NPC).

Except for AIL and APIL, which are incorporated in the British Virgin Islands (BVI), all of the subsidiaries are incorporated in the Philippines.

2. Segment Information

The Group conducts majority of its business activities in two major business segments: (1) Power and (2) Real Estate. The Group's other activities consisting of product distribution and investment holding activities are shown in aggregate as "Product Distribution and Others." The Group reports its primary segment information based on the business segments which are significantly conducted in the Philippines.

Information with regard to the Group's significant business segments are shown below:

Nine Months Ended September 30, 2011 (Unaudited)						
	Power	Real Estate	Product Distribution and Others	Total	Adjustments And Eliminations	Consolidated
Earnings Information						
Revenues						
External customer	P1,544,466,619	P537,371,451	P-	P2,081,838,070	P-	P1,368,152,926
Inter-segment	-	-	326,767,346	326,767,346	(326,767,346)	-
Total revenues	1,544,466,619	537,371,451	326,767,346	1,695,147,310	(326,767,346)	1,368,152,926
Interest expense	(11,790,851)	(9,270,858)	(667,140)	(21,728,849)	(1,292,940)	(23,030,229)
Interest income	34,676,998	4,455,695	80,950	39,213,643	-	39,213,643
Provision for income tax	183,292,826	5,804,191	-	189,097,017	(5,135,988)	183,961,029
Net income	811,137,332	70,481,996	302,210,114	1,183,829,442	(268,144,378)	915,685,064

Nine Months Ended September 30, 2010 (Unaudited)						
	Power	Real Estate	Product Distribution and Others	Total	Adjustments And Eliminations	Consolidated
Earnings Information						
Revenues						
External customer	P1,560,648,119	P449,018,460	P-	P2,009,666,579	P-	P2,009,666,580
Inter-segment	-	-	362,569,138	362,569,138	(362,569,138)	-
Total revenues	1,560,648,119	449,018,460	362,569,138	2,372,235,717	(362,569,138)	2,009,666,580
Interest expense	(20,213,028)	(7,769,179)	(7,216,618)	(35,198,825)	-	(35,198,825)
Interest income	32,617,879	5,453,567	41,158	38,112,604	-	38,112,604
Provision for income tax	186,968,630	4,043,144	-	191,011,774	(835,928)	190,175,846
Net income	810,615,350	(23,282,035)	329,215,315	1,116,548,630	(338,354,477)	778,194,153

3. Cash and Cash Equivalents

For the purpose of the interim consolidated statements of cash flows, cash and cash equivalents are comprised of the following:

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)
Cash on hand and in banks	P290,725,150	P123,500,555
Short-term deposits	290,180,210	433,983,990
	P580,905,360	P557,484,545

4. Available-for-Sale Financial Assets

AFS financial assets primarily consist of investments in equity securities which are listed in the stock exchanges. Movements of AFS financial assets are as follows:

September 30, 2011 (Unaudited)

Balance at beginning of the period	₱1,414,733,973
Loss on fair valuation taken to other comprehensive income	(945,599,293)
Balance at end of the period	₱469,134,680

December 31, 2010 (Audited)

Balance at beginning of the period	₱34,672,679
Gain (loss) on fair valuation taken to other comprehensive income	(4,369,205)
Balance at September 30, 2010	30,303,474
Additions	1,315,533,080
Gain (loss) on fair valuation taken to other comprehensive income	68,897,419
Balance at end of the period	₱1,414,733,973

The Company's AFS financial asset consist primarily of the 29.1 million shares of Indophil Resources NL (IRN) representing 2.93% of the outstanding shares of IRN. IRN is an Australian Company listed in the Australian Stock Exchange with major asset being its 37.5% interest in the Tampakan Mining project being managed by Sagittarius Mines, Inc. (SMI). SMI holds a Financial and Technical Assistance Agreement with the Philippine government to explore, develop and operate the Tampakan Mining project. The project is located approximately 50 km north of General Santos City in South Cotabato, Mindanao.

Management believes that the decline in market value of IRN shares is temporary and the Company has no plan to dispose the same in near term. The decline in market value can be attributed to currently uncertain conditions due to inconsistent mining law interpretations in South Cotabato where the project is located. The drop in market value can be recovered as the situation normalizes.

The Group assesses at each balance sheet date whether there is objective evidence that an investment or group of investments is impaired. In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. The determination of what is "significant" or "prolonged" requires judgment. In making this judgment, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. A significant decline is assessed based on the historical volatility of the share price. The higher the historical volatility, the greater the decline in fair value required before it is likely to be regarded as significant. Based on these criteria, the Group has not identified any impairment on its AFS financial assets.

5. Equity

Capital Stock

Common stock - ₱1 par value:		
Authorized - 11,945,000,000 shares		
Issued and Outstanding - 6,291,500,000 shares		₱6,291,500,000
Preferred stock – ₱0.01 par value		
Authorized – 5,500,000,000 shares		
Issued and Outstanding - none		

There have been no changes in the composition of the Parent Company's shares of capital stock as at September 30, 2011.

On March 17, 2011, the BOD approved the creation of a class of preferred shares by reclassifying 55,000,000 unissued common shares with a par value of ₱1 per share into 5,500,000,000 preferred shares with a par value of ₱0.01 per share. This was approved by the stockholders owning at least two-thirds of the outstanding capital stock on April 17, 2011.

Retained Earnings

On March 26, 2010, the BOD declared cash dividends of ₱0.01 per share or a total of ₱62,915,000 out of the unrestricted retained earnings as at December 31, 2009 to common shares of record on April 20, 2010, which was paid on May 17, 2010.

The share of non-controlling interests on the dividends declared by subsidiaries amounted to ₱548 million and ₱561 million for the nine month periods ended September 30, 2011 and 2010, respectively.

6. Earnings Per Share Attributable to Equity Holders of the Parent Company

Earnings Per Share

	Nine Months Ended September 30,	
	2011 (Unaudited)	2010 (Unaudited)
Net income attributable to equity holders of the Parent Company	₱402,377,693	₱254,252,590
Divided by the average number of shares outstanding for the year	6,291,500,000	6,291,500,000
Basic/Diluted EPS	₱0.064	₱0.040

7. Financial Risk Management Objective and Policies

The Group's principal financial instruments are composed of cash and cash equivalents, short-term cash investments, AFS financial assets and loans and borrowings. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and accounts payable and other current liabilities which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk (interest rate risk, equity price risk and foreign currency risk).

The management reviews and BOD approves policies for managing each of these risks and they are summarized below.

Credit Risk

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

In the Group's real estate business, transfer of the property is executed only upon full payment of the purchase price. There is also a provision in the sales contract which allows forfeiture of the installment/deposits made by the customer in favor of the Group in case of default. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments.

With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents, short-term cash investments, trade and other receivables and AFS investments (shown under "Other noncurrent assets"), the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

The table below shows the gross maximum exposure to credit risk of the Group as of September 30, 2011, before considering the effects of collateral, credit enhancements and other credit risk mitigation techniques:

Cash and cash equivalents*	₱580,735,360
Short-term cash investments	1,400,739,730
Trade receivables	
Power	517,591,205
Real estate**	330,687,709
Product distribution and others	26,489,939
Due from related parties	2,453,822,380
Accrued interest	7,885,010
AFS investments	469,134,680
	<u>₱5,787,086,013</u>

* Excludes cash on hand

** Includes noncurrent portion of installment receivables.

The table below shows the Group's aging analysis of receivables:

	Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total
		1-6 Months	Over 6 Months	Subtotal		
Trade receivables						
Power	₱379,314,416	₱3,376,017	₱134,900,772	517,591,205	₱29,987,875	₱547,579,080
Real estate*	68,278,741	11,573,255	250,835,713	330,687,709	13,234,883	343,922,592
Product distribution and others	-	-	-	-	31,730,458	31,730,458
Due from related parties	2,453,822,380	-	-	2,453,822,380	-	2,453,822,380
Accrued interest	7,885,010	-	-	7,885,010	-	7,885,010
Others	26,489,939	-	-	26,489,939	33,670,740	60,160,679
	<u>₱2,935,790,486</u>	<u>₱14,949,272</u>	<u>₱385,736,485</u>	<u>₱3,336,476,243</u>	<u>₱108,623,956</u>	<u>₱3,445,100,199</u>

* Includes noncurrent portion of installment receivables

The table below shows the credit quality of the Group's financial assets that are neither past due nor impaired based on historical experience with the corresponding third parties.

	Grade A	Grade B	Grade C	Total
Cash and cash equivalents	P580,903,360	P-	P-	P580,903,360
Short-term cash investments	1,400,739,730	-	-	1,400,739,730
Trade and other receivables:				
Trade:	-	-	-	-
Power	517,591,205	-	-	517,591,205
Real estate*	330,687,709	-	-	330,687,709
Accrued interest	7,885,010	-	-	7,885,010
Other receivables	18,071,405	5,328,174	3,090,360	26,489,939
Prepaid expenses and other current assets:	-	-	-	-
Advances to NPC	-	-	2,823,872	2,823,872
Refundable deposits	-	-	3,494,146	3,494,146
AFS financial assets**	434,011,576	35,123,104	-	469,134,680
	P3,289,889,995	P40,451,278	P9,408,378	P3,339,749,651

* Includes noncurrent portion of installment receivables

** Presented under "Other noncurrent assets" account in the consolidated balance sheets

Grade A financial assets pertain to those investments to counterparties with good credit standing or loans and receivables that are consistently paid before the maturity date. Grade B includes receivables that are collected on their due dates even without an effort from the Group to follow them up while receivables, due from related parties, advances and deposits which are collectible provided that the Group makes a persistent effort to collect them are included under Grade C. Past due receivables and advances include those that are past due but are still collectible.

Cash and cash equivalents and short-term cash investments are deposited in top ten banks in the Philippines, hence, considered high grade.

The credit quality of AFS financial assets is based on the financial status of the counterparty and its current stock price performance in the market.

Liquidity Risk

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 dividend declarations. The table below summarizes the maturity profile of the Group's financial assets (held for liquidity purposes) and financial liabilities based on contractual undiscounted payments:

	On Demand	< 1 Year	1-3 Years	> 3 Years	Total
Cash and cash equivalents	P580,903,360	P-	P-	P-	P580,903,360
Short-term cash investments	-	1,400,739,730	-	-	1,400,739,730
	P580,903,360	P1,400,739,730	P-	P-	P1,981,643,090
Accounts payable and Other current liabilities*	P339,487,060	P64,955,852	P78,234,557	P-	P482,677,469
Debts under negotiation	-	-	-	-	-
Dividends payable	-	-	-	-	-
Loans payable**	13,803,497	-	-	-	13,803,497
Long-term debt**	79,087,016	251,260,556	729,861,770	157,175,481	1,217,384,823
Customers' deposits**	-	44,891,119	54,057,777	-	98,948,896
	P432,377,573	P361,107,527	P862,154,104	P157,175,481	P1,812,814,685

* Excluding statutory payables and other payable to government agencies

** Including interest payable computed using prevailing rate as of September 30, 2011

Interest Rate Risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest-bearing loan obligations with floating interest rate as it can cause a change in the amount of interest payments. The Group's policy is to manage its interest cost using a mix of fixed and variable debt rates.

Equity Price Risk

Equity price risk is the risk that the fair value of quoted AFS investment decreases as the result of changes in the value of individual stocks. The Group's exposure to equity price risk relates primarily to the Group's quoted AFS investments. The Group intends to hold these investments indefinitely in response to liquidity requirements or changes in market conditions.

Foreign Currency Risk

The Group's exposure to foreign currency risk is limited to monetary assets and liabilities denominated in currencies other than its functional currency. Substantial portion of the U.S. dollar-denominated assets and liabilities is attributable to the Group's power segment in which the functional currency is the U.S. dollar.

In translating the foreign currency-denominated monetary assets and liabilities into peso amounts, the exchange rates used were ₱43.58 to US\$1.0 and ₱43.84 to US\$1.0, the Philippine peso to U.S. dollar exchange rates as of September 30, 2011 and December 31, 2010, respectively.

The table below summarizes the Group's exposure to foreign currency risk. Included in the table are the Group's financial assets and liabilities at their carrying amounts.

	In U.S. Dollar	In Philippine Peso
Financial assets:		
Cash and cash equivalents	1,827,405	₱79,638,310
Financial Liabilities		
Long-term debt	(8,595,419)	(374,588,362)
	(6,768,014)	(294,950,052)

The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar to Philippine peso exchange rate, with all other variables held constant, of the Group's consolidated equity as of September 30, 2011. The reasonably possible change in exchange rate was based on forecasted exchange rate change using historical data within the last five years as of the reporting date. The methods and assumptions used remained unchanged over the reporting periods being presented. The impact on the Group's consolidated equity already excludes the impact on transactions affecting the consolidated income before income tax.

	Philippine Peso	
	Increase	Decrease
Change in foreign exchange rate	+2.02	-2.02
Increase (decrease) on income before income tax	(13,671,388)	13,671,388

The increase means stronger US\$ against peso while the decrease means stronger peso against US \$.

8. Financial Instruments

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

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

As of September 30, 2011, the Group held financial instruments carried at fair value that is classified under Level 1 fair value hierarchy amounting to P469,134,680. (Please see Note 4).

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

Cash and cash equivalents, short-term cash investments, trade and other receivables. The carrying amounts of these financial assets approximate their fair values due to the short-term maturity of those instruments.

AFS Financial Assets. The fair value of AFS financial assets are determined based on the closing market rate in the PSE and ASX as of the balance sheet date.

Accounts payable and other current liabilities and loans payable. The carrying amounts of these financial liabilities approximate fair value because of the short-term maturity of these instruments.

Long-term debt. The fair value of long-term debt with variable interest rates approximates their carrying amounts due to quarterly repricing of interest. The fair value of long-term debt with fixed interest rate, determined by discounting the estimated future cash flows using the discount rate applicable to similar types of instruments. For the period ended September 30, 2011, the rates used ranged from 1.31% to 5.08%.

Set forth below is a comparison by category of carrying values and fair values of Group's financial instruments as of September 30, 2011 and June 30, 2011:

	September 30, 2011		June 30, 2011	
	Carrying value	Fair Value	Carrying Value	Fair Value
Financial Assets				
Loans and receivables:				
Cash and cash equivalents	580,903,360	580,903,360	579,298,490	750,298,490
Short-term cash investments	1,400,739,730	1,400,739,730	1,391,674,358	1,391,674,358
Trade and other receivables	982,759,395	874,135,438	1,077,632,954	964,089,399
Due from related parties				
Others	2,453,822,380	2,453,822,380	2,376,123,095	2,376,123,095
AFS financial assets	469,134,680	469,134,680	571,241,298	571,241,298
Financial Liabilities				
Accounts payable and others	489,222,173	489,222,173	553,457,193	553,457,193
Loans payable	13,803,497	13,803,497	30,000,000	30,000,000
Dividends payable	-	-	108,872,850	108,872,850
Long-term debt	1,217,384,823	1,217,384,823	1,413,684,783	1,413,684,783

The net gains (losses) per category of financial instruments are as follows:

	September 30, 2011	June 30, 2011
Loans and Receivable		
Interest income from short-term cash investments	39,214,596	27,484,712
Provision for doubtful accounts	-	-
AFS Financial Assets		
Loss on fair valuation of AFS taken to comprehensive income	945,599,293	843,492,675
Other Financial Liabilities		
Interest on loans	23,031,182	16,696,598

9. Other Matters

In compliance with SEC Memorandum Circular 3 relative to the rules and discloses specifically the impact of the adoption of Philippine Financial Reporting Standards 9 (PFRS 9) for interim financial statements, management has been evaluating the effect of the early adoption of this Accounting Standard. As of September 30, 2011, management has not yet made a decision whether to early adopt the said PFRS.

PART I -- FINANCIAL INFORMATION

Item 1. Financial Statements

The following financial statements are submitted as part of this report:

Interim Financial Statements September 30, 2011 and for the Nine-Month Period Ended September 30, 2011 and 2010 (with Comparative Audited Consolidated Balance Sheet as of December 31, 2010).

Key Performance Indicators

The following key performance indicators were identified by the Company and included in the discussion of the results of operations and financial condition for the nine months ended September 30, 2011 and 2010.

Financial KPI	Definition	September 30	
		2011	2010
<u>Profitability</u>			
EBITDA Margin	$\frac{\text{EBITDA}}{\text{Net Sales}}$	74%	69%
Return on Equity	$\frac{\text{Net Income}}{\text{Total Average Stockholders' Equity}}$	8%	7%
<u>Efficiency</u>			
Operating Expense Ratio	$\frac{\text{Operating Expenses}}{\text{Gross Operating Income}}$	28%	28%
<u>Liquidity</u>			
Net Debt Coverage	$\frac{\text{Cash Flow from Operating Activities}}{\text{Net Financial Debt}}$	212%	100%
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	5.39:1	4.33:1

Profitability

Earnings before interest, taxes, depreciation and amortization (EBITDA) margin of the Company increased to 74% from 69% in 2010. The increase in revenues from ₪ 2,082 million to ₪2,009 million resulting from higher tariff rates by the power companies and higher energy consumption by our Lima Technology Center locators contributed to the increase in EBITDA margin. Return on equity (ROE) also increased to 8% from 6% in 2011 because of higher income this period.

Efficiency

Operating expense ratio remained the same at 28% for both periods. The gross operating income this year increased due to higher tariff rates by the two power companies as well as higher power sales and service income from Lima Land Inc.'s utility companies.

Likewise, ACR's higher cash flows from operations this year improved its debt coverage ratio to 212% from 100% in 2010. Current ratio also improved to 5.39:1 in 2011 compared to last year's 4.33:1 resulting from higher short-term placements.

Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition

RESULTS OF OPERATIONS

ACR's financial performance improved significantly in the first nine months ended September 30, 2011 compared to the same period last year. Consolidated net income rose by 18% from ₱778 million to ₱916 million, while income attributable to equity holders of the Parent Company increased 58% from ₱254 million last year to ₱402 million this year.

Energy fees from the Company's Energy and Power business which formed 73% of total revenues, decreased by 0.9% from ₱1,536 million to ₱1,522 million. The higher price index in energy fees cushioned the impact of lower energy dispatched and foreign exchange rates during the year. The electricity consumption of locators at the Lima Technology Center also went up and led to the 25% improvement in water sales and other service income at ₱505 million from ₱404 million in 2010. Rental and other income likewise increase to ₱18 million from ₱12 million in the previous year.

Cost of goods sold was reported at ₱1,069 million, 4% higher than the ₱1,023 million in 2010. The increase is primarily due to higher spare parts usage in 2011 and depreciation costs of the assets of WMPC that was restored in March 2010. This translated to a lower gross profit margin this year at 49% from 51% last year.

General and administrative expenses slightly increased 2% from ₱217 million to ₱222 million, this is due primarily to higher administrative expenses by the power companies this year.

Net finance income this year was higher at ₱16 million from ₱3 million in 2010. This is due to lower interest expense resulting from the continued reduction in the Company's loans and drop in interest rates of the WMPC and SPPC loans.

Other income amounted to ₱292 million, up 49% from last year's ₱196 million due largely to higher collection on insurance claim and reimbursement of a burned engine of WMPC during the year as well as a gain realized on the restructuring of a loan by the Parent Company.

ACR's net income before tax stood at ₦916 million, 18% better than the ₦778 million reported in 2010. Provision for income tax was lower this year at ₦184 million from ₦190 million resulting from lower taxable income.

In view of the above results, net income attributable to the equity holders of the Parent increased significantly from ₦254 million to ₦402 million. Hence, basic earnings per share rose from ₦0.040 to ₦0.064 this year.

REVIEW OF FINANCIAL POSITION

ACR and Subsidiaries posted total assets of ₦12.998 billion, 8% lower than the ₦14.084 billion the end of 2010. The decrease was due primarily to the decline in the market value of the available for sale financial assets. (Detailed discussion of this account is presented in item e below).

Current assets remained the same at ₦6.5 billion, although trade and other receivables decreased 12%, short-term cash investment was up 51% to ₦1.4 billion from ₦925 million at the end of 2010. The increase was due mainly to the additional placements by the power companies during the year.

Non-current assets decreased by 15% from ₦7.573 billion to ₦6.46 billion. This is due largely to the 67% decline in value of available-for-sale financial assets from ₦1.415 billion in 2010 to ₦469 million this period. The explanation of this decline is shown in Note 4 of the financial statements.

Total liabilities amounted to ₦2.396 billion, 13% lower than the ₦2.755 billion reported at the end of 2010. The continued debt settlements led decline in total liabilities. Current liabilities decreased 26% due mainly to the restructuring and partial settlement of debts during year.

As of September 30, 2011, ACR's current ratio increased from 4.33:1 to 5.39:1, while its debt to equity ratio remained strong at 0.21:1.

ACR's consolidated statement of cash flows showed that cash from operating activities is the major source of funding for payment of maturing loans, other financing costs and additional capital expenditures.

i. Causes of the material changes (5% or more) in balances of relevant accounts as of September 30, 2011 compared to December 31, 2010 are as follows:

- a) **Short-term Cash Investments** – Increased 51%
The increase is due mainly to the additional cash placements of the power companies.
- b) **Trade and Other Receivables** – Decreased 12%
The collection of trade and other receivables caused the variances of this account.

- c) **Prepaid Expenses and Other Current Assets** –Increased 21%.
The increase was due largely to the additional prepaid insurance incurred during the period.
 - d) **Property, Plant and Equipment** – Decreased 9%
The recognized depreciation expense during the period led to the decrease in this account.
 - e) **Available-for-sale-financial assets** – Decreased 67%.
The decrease was due to the decline in the market value of investment in Indophil Shares. The decreased in market value of the shares as of September 30, 2011 could be attributed to the volatile fluctuations of share prices for the past few months. Background and explanation was discussed in Note 4 of the financial statements.
 - f) **Other Assets** – Increased 22%.
The increase is due largely to the additional project development costs incurred during the current period.
 - g) **Accounts Payable and Accrued Expenses** – Decrease 22%
The decrease is primarily due to the restructuring of a loan by the Parent Company and the condoned interest amounting to ₱83 million.
 - h) **Income Tax Payable** – Decreased 30%.
The increase was due to the timing of income tax payments. On the other hand, the provision for income tax is lower due to the adoption of the optional standard deduction of the power companies.
 - i) **Debts Under Negotiation** – Decreased 100%.
The decrease is due the restructuring of this account in 2011. Please refer to item g above.
 - j) **Customer's Deposit** – Increased 112%.
The additional deposits related to lot buyers during the period let to the increase in this account.
 - k) **Other Noncurrent Liabilities** – Increased 48%
The increase in deferred income resulted to the increase in this account.
 - l) **Other Reserves** – Decreased 1,739%.
The decrease is due primarily to the decline in value of AFS investment. Please refer to item e above.
- ii. Events that will trigger Direct or Contingent Financial Obligation that is material to the Company, including any default or acceleration of obligation.

Some of the subsidiaries or affiliates of the Company are from time to time involved in routine litigation and various legal actions incidental to their respective operations. However, in the opinion of the Company's management, none of the

legal matters in which its subsidiaries or affiliates are involved have material effect on the Company's financial condition and results of operations.

- iii. Material Off-Balance Sheet Transactions, Arrangements, Obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

The Company has no other material off-balance sheet transactions, arrangements, obligations and other relationships with unconsolidated entities or other persons created during the period that is not included in the financial statements.

PART II -- OTHER INFORMATION

Other Required Disclosures

1. The attached interim financial reports were prepared in accordance with accounting standards generally accepted in the Philippines. The accounting policies and methods of computation followed in these interim financial statements are the same compared with the audited financial statements for the period ended December 31, 2010.
2. Except as reported in the Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A"), there were no unusual items affecting assets, liabilities, equity, net income or cash flows for the interim period.
3. There were no material changes in estimates of amounts reported in prior periods that have material effects in the current interim period.
4. Except as disclosed in the MD&A, there were no other issuances, repurchases and repayments of debt and equity securities.
5. There were no material events subsequent to September 30, 2011 up to the date of this report that needs disclosure herein.
6. There were no changes in the composition of the Company during the interim period such as business combination, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations.
7. There were no changes in contingent liabilities or contingent assets since December 31, 2010.
8. There are no material contingencies and other material events or transactions affecting the current interim period.

There are NO matters and events that need to be disclosed under SEC Form 17-C.

SIGNATURES

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

ALSONS CONSOLIDATED RESOURCES, INC.

Issuer

By:

Registrant :



TIRSO G. SANTILLAN, JR.
Executive Vice-President & COO

Date:

12/19



LUIS R. YMSON, JR.
Chief Financial Officer

Date:

12/19



Alsons Consolidated Resources, Inc.

(Listed in the Philippine Stock Exchange Trading Symbol "ACR")

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December 16, 2011

SECURITIES AND EXCHANGE COMMISSION

Corporation Finance Department
SEC Bldg., EDSA, Greenhills
Mandaluyong City

Attention : **ATTY. JUSTINA F. CALLANGAN**
Director

Dear Atty. Callangan,

This refers to your letter dated December 5, 2011 which we received on 15 December 2011. In compliance thereof, we would like to state our explanation and resolutions as follows:

Comment	Resolution
1. Notification of Inability to File on Time All or Any Required Portion of SEC Form 17-Q	We were able to electronically file SEC Form 17-L with PSE on November 14, 2011. But due to time constraints, our representative was only able to submit the Form on November 15, 2011 to SEC. We hope that the Commission will extend its consideration for the inadvertent lapses.
2. Risk Exposures and Financial Instruments Profile. a. Assess the financial risk exposures of the Company and its subsidiaries particularly on currency, interest, credit, market and liquidity risks. If any change thereof would materially affect the financial conditions and results of operation of the company, provide a discussion in the report in the quantitative and qualitative impact of such risks and include a description of any enhancement in the	<p>The Group's principal financial instruments are composed of cash and cash equivalents, short-term cash investments, AFS financial assets and loans and borrowings. The main purpose of these financial instruments is to raise finances for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and accounts payable and other current liabilities which arise directly from its operations.</p> <p>The main risks arising from the Group's financial instruments are credit risk, liquidity risk, and market risk (interest rate risk, equity price risk and foreign currency risk).</p> <p>The management reviews and BOD approves policies for managing each of these risks and they are summarized below.</p> <p><u>Credit Risk</u> The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.</p> <p>In the Group's real estate business, transfer of the property is executed only upon full payment of the purchase price. There is also a provision in the sales contract which allows forfeiture of the installment/deposits made by the customer in favor of the Group</p>

Comment	Resolution																																																																																																																									
company's risk management policies to address the same;	<p>in case of default. These measures minimize the credit risk exposure or any margin loss from possible default in the payment of installments.</p> <p>In the Group's power generation business, credit risk is significantly concentrated on NPC, the sole customer of SPPC and WMPC. It is the policy of the Group that all provisions in the ECA are complied with.</p> <p>With respect to credit risk arising from the financial assets of the Group, which comprise cash and cash equivalents, short-term cash investments, trade and other receivables and AFS investments (shown under "Other noncurrent assets"), the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.</p> <p>The table below shows the gross maximum exposure to credit risk of the Group as of September 30, 2011, before considering the effects of collateral, credit enhancements and other credit risk mitigation techniques:</p> <table><tr><td>Cash and cash equivalents*</td><td>₱580,735,360</td></tr><tr><td>Short-term cash investments</td><td>1,400,739,730</td></tr><tr><td>Trade receivables</td><td></td></tr><tr><td> Power</td><td>517,591,205</td></tr><tr><td> Real estate**</td><td>330,687,709</td></tr><tr><td> Product distribution and others</td><td>26,489,939</td></tr><tr><td>Due from related parties</td><td>2,453,822,380</td></tr><tr><td>Accrued interest</td><td>7,885,010</td></tr><tr><td>AFS investments</td><td>469,134,680</td></tr><tr><td></td><td><u>₱5,787,086,013</u></td></tr></table> <p>* Excludes cash on hand **Includes noncurrent portion of installment receivables,</p> <p>The table below shows the Group's aging analysis of receivables:</p> <table><tr><th rowspan="2"></th><th rowspan="2">Neither Past Due nor Impaired</th><th colspan="3">Past Due but not Impaired</th><th rowspan="2">Impaired</th><th rowspan="2">Total</th></tr><tr><th>1-6 Months</th><th>Over 6 Months</th><th>Subtotal</th></tr><tr><td>Trade receivables</td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td> Power</td><td>₱379,314,416</td><td>₱3,376,017</td><td>₱134,900,772</td><td>517,591,205</td><td>₱29,987,875</td><td>₱547,579,080</td></tr><tr><td> Real estate*</td><td>68,278,741</td><td>11,573,255</td><td>250,835,713</td><td>330,687,709</td><td>13,234,883</td><td>343,922,592</td></tr><tr><td> Product distribution and others</td><td>-</td><td>-</td><td>-</td><td>-</td><td>31,730,458</td><td>31,730,458</td></tr><tr><td>Due from related parties</td><td>2,453,822,380</td><td>-</td><td>-</td><td>2,453,822,380</td><td>-</td><td>2,453,822,380</td></tr><tr><td>Accrued interest</td><td>7,885,010</td><td>-</td><td>-</td><td>7,885,010</td><td>-</td><td>7,885,010</td></tr><tr><td>Others</td><td>26,489,939</td><td>-</td><td>-</td><td>26,489,939</td><td>33,670,740</td><td>60,160,679</td></tr><tr><td></td><td><u>₱2,935,790,486</u></td><td><u>₱14,949,272</u></td><td><u>₱385,736,485</u></td><td><u>₱3,336,476,243</u></td><td><u>₱108,623,956</u></td><td><u>₱3,445,100,199</u></td></tr></table> <p>* Includes noncurrent portion of installment receivables</p> <p>The table below shows the credit quality of the Group's financial assets that are neither past due nor impaired based on historical experience with the corresponding third parties.</p> <table><tr><th></th><th>Grade A</th><th>Grade B</th><th>Grade C</th><th>Total</th></tr><tr><td>Cash and cash equivalents</td><td>₱580,903,360</td><td>₱-</td><td>₱-</td><td>₱580,903,360</td></tr><tr><td>Short-term cash investments</td><td>1,400,739,730</td><td>-</td><td>-</td><td>1,400,739,730</td></tr><tr><td>Trade and other receivables:</td><td></td><td></td><td></td><td></td></tr><tr><td> Trade:</td><td>-</td><td>-</td><td>-</td><td>-</td></tr><tr><td> Power</td><td>517,591,205</td><td>-</td><td>-</td><td>517,591,205</td></tr><tr><td> Real estate*</td><td>330,687,709</td><td>-</td><td>-</td><td>330,687,709</td></tr></table>	Cash and cash equivalents*	₱580,735,360	Short-term cash investments	1,400,739,730	Trade receivables		Power	517,591,205	Real estate**	330,687,709	Product distribution and others	26,489,939	Due from related parties	2,453,822,380	Accrued interest	7,885,010	AFS investments	469,134,680		<u>₱5,787,086,013</u>		Neither Past Due nor Impaired	Past Due but not Impaired			Impaired	Total	1-6 Months	Over 6 Months	Subtotal	Trade receivables							Power	₱379,314,416	₱3,376,017	₱134,900,772	517,591,205	₱29,987,875	₱547,579,080	Real estate*	68,278,741	11,573,255	250,835,713	330,687,709	13,234,883	343,922,592	Product distribution and others	-	-	-	-	31,730,458	31,730,458	Due from related parties	2,453,822,380	-	-	2,453,822,380	-	2,453,822,380	Accrued interest	7,885,010	-	-	7,885,010	-	7,885,010	Others	26,489,939	-	-	26,489,939	33,670,740	60,160,679		<u>₱2,935,790,486</u>	<u>₱14,949,272</u>	<u>₱385,736,485</u>	<u>₱3,336,476,243</u>	<u>₱108,623,956</u>	<u>₱3,445,100,199</u>		Grade A	Grade B	Grade C	Total	Cash and cash equivalents	₱580,903,360	₱-	₱-	₱580,903,360	Short-term cash investments	1,400,739,730	-	-	1,400,739,730	Trade and other receivables:					Trade:	-	-	-	-	Power	517,591,205	-	-	517,591,205	Real estate*	330,687,709	-	-	330,687,709
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Comment	Resolution				
Accrued interest	7,885,010	-	-	7,885,010	
Other receivables	18,071,405	5,328,174	3,090,360	26,489,939	
Prepaid expenses and other current assets:	-	-	-	-	
Advances to NPC	-	-	2,823,872	2,823,872	
Refundable deposits	-	-	3,494,146	3,494,146	
AFS financial assets**	434,011,576	35,123,104	-	469,134,680	
	₱3,289,889,995	₱40,451,278	₱9,408,378	₱3,339,749,651	
* Includes noncurrent portion of installment receivables					
** Presented under "Other noncurrent assets" account in the consolidated balance sheets					
<p>Grade A financial assets pertain to those investments to counterparties with good credit standing or loans and receivables that are consistently paid before the maturity date. Grade B includes receivables that are collected on their due dates even without an effort from the Group to follow them up while receivables, due from related parties, advances and deposits which are collectible provided that the Group makes a persistent effort to collect them are included under Grade C. Past due receivables and advances include those that are past due but are still collectible.</p> <p>Cash and cash equivalents and short-term cash investments are deposited in top ten banks in the Philippines, hence, considered high grade. The credit quality of AFS financial assets is based on the financial status of the counterparty and its current stock price performance in the market.</p> <p><u>Liquidity Risk</u></p> <p>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 dividend declarations. The table below summarizes the maturity profile of the Group's financial assets (held for liquidity purposes) and financial liabilities based on contractual undiscounted payments:</p>					
	On Demand	< 1 Year	1-3 Years	> 3 Years	Total
Cash and cash equivalents	₱580,903,360	₱-	₱-	₱-	₱580,903,360
Short-term cash investments	-	1,400,739,730	-	-	1,400,739,730
	₱580,903,360	₱1,400,739,730	₱-	₱-	₱1,981,643,090
Accounts payable and Other current liabilities*	₱339,487,060	₱64,955,852	₱78,234,557	₱-	₱482,677,469
Debts under negotiation	-	-	-	-	-
Dividends payable	-	-	-	-	-
Loans payable**	13,803,497	-	-	-	13,803,497
Long-term debt**	79,087,016	251,260,556	729,861,770	157,175,481	1,217,384,823
Customers' deposits**	-	44,891,119	54,057,777	-	98,948,896
	₱432,377,573	₱361,107,527	₱862,154,104	₱157,175,481	₱1,812,814,685
* Excluding statutory payables and other payable to government agencies					
** Including interest payable computed using prevailing rate as of September 30, 2011					
<p><u>Interest Rate Risk</u></p> <p>The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest-bearing loan obligations with floating interest rate as it can cause a change in the amount of interest payments. The Group's policy is to manage its interest cost using a mix of fixed and variable debt rates.</p>					

Comment	Resolution																														
	<p><u>Equity Price Risk</u></p> <p>Equity price risk is the risk that the fair value of quoted AFS investment decreases as the result of changes in the value of individual stocks. The Group’s exposure to equity price risk relates primarily to the Group’s quoted AFS investments. The Group intends to hold these investments indefinitely in response to liquidity requirements or changes in market conditions.</p> <p><u>Foreign Currency Risk</u></p> <p>The Group’s exposure to foreign currency risk is limited to monetary assets and liabilities denominated in currencies other than its functional currency. Substantial portion of the U.S. dollar-denominated assets and liabilities is attributable to the Group’s power segment in which the functional currency is the U.S. dollar.</p> <p>In translating the foreign currency-denominated monetary assets and liabilities into peso amounts, the exchange rates used were ₱43.58 to US\$1.0 and ₱43.84 to US\$1.0, the Philippine peso to U.S. dollar exchange rates as of September 30, 2011 and December 31, 2010, respectively.</p> <p>The table below summarizes the Group’s exposure to foreign currency risk. Included in the table are the Group’s financial assets and liabilities at their carrying amounts.</p> <table><tr><th></th><th>In U.S. Dollar</th><th>In Philippine Peso</th></tr><tr><td>Financial assets:</td><td></td><td></td></tr><tr><td> Cash and cash equivalents</td><td>1,827,405</td><td>₱79,638,310</td></tr><tr><td>Financial Liabilities</td><td></td><td></td></tr><tr><td> Long-term debt</td><td>(8,595,419)</td><td>(374,588,362)</td></tr><tr><td></td><td>(6,768,014)</td><td>(294,950,052)</td></tr></table> <p>The following table demonstrates the sensitivity to a reasonably possible change in the U.S. dollar to Philippine peso exchange rate, with all other variables held constant, of the Group’s consolidated equity as of September 30, 2011. The reasonably possible change in exchange rate was based on forecasted exchange rate change using historical data within the last five years as of the reporting date. The methods and assumptions used remained unchanged over the reporting periods being presented. The impact on the Group’s consolidated equity already excludes the impact on transactions affecting the consolidated income before income tax.</p> <table><tr><th></th><th colspan="2">Philippine Peso</th></tr><tr><th></th><th>Increase</th><th>Decrease</th></tr><tr><td>Change in foreign exchange rate</td><td>+2.02</td><td>-2.02</td></tr><tr><td>Increase (decrease) on income before income tax</td><td>(13,671,388)</td><td>13,671,388</td></tr></table> <p>The increase means stronger US\$ against peso while the decrease means stronger peso against US \$.</p>		In U.S. Dollar	In Philippine Peso	Financial assets:			Cash and cash equivalents	1,827,405	₱79,638,310	Financial Liabilities			Long-term debt	(8,595,419)	(374,588,362)		(6,768,014)	(294,950,052)		Philippine Peso			Increase	Decrease	Change in foreign exchange rate	+2.02	-2.02	Increase (decrease) on income before income tax	(13,671,388)	13,671,388
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Comment	Resolution
<p>b. Evaluate whether the company could provide clearer and more transparent disclosure regarding its financial instruments including but not limited to the following information:</p> <p>1. A description of the financial instruments of the company and the classification and measurements applied for each.</p>	<p>The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:</p> <ul style="list-style-type: none"> • 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 significant effect on the recorded fair value that are not based on observable market data. • As of September 30, 2011, the Group held financial instruments carried at fair value that is classified under Level 1 fair value hierarchy amounting to P469,134,680. Please see Note 4).
<p>2. The amount and description of company's investment in foreign securities</p>	<p>As disclosed in Note 4, the company's AFS financial assets consists primarily of 29.1 million shares of Indophil Resources NL , an Australian Company listed in the Australian Securities Exchange with major asset representing 37.5% interest in the Tampakan Mining project being managed by Sagitarius Mines, Inc. (SMI). SMI holds a Financial and Technical Assistance Agreement with the Philippine government to explore, develop and operate the Tampakan Mining project. The project is located approximately 50 km north of General Santos City in North Cotabato, Mindanao.</p>
<p>3. The significant judgments made in classifying a particular financial instrument in the fair value hierarchy</p>	<p>The following methods and assumptions are used to estimate the fair value of each class of financial instruments:</p> <p><i>Cash and cash equivalents, short-term cash investments, trade and other receivables.</i> The carrying amounts of these financial assets approximate their fair values due to the short-term maturity of those instruments.</p> <p><i>AFS Financial Assets.</i> The fair value of AFS financial assets are determined based on the closing market rate in the PSE and ASX as of the balance sheet date.</p> <p><i>Accounts payable and other current liabilities and loans payable.</i> The carrying amounts of these financial liabilities approximate fair value because of the short-term maturity of these instruments.</p> <p><i>Long-term debt.</i> The fair value of long-term debt with variable interest rates approximates their carrying amounts due to quarterly repricing of interest. The fair value of long-term debt with fixed interest rate, determined by discounting the estimated future cash flows using the discount rate applicable to similar types of instruments. For the period ended September 30, 2011, the rates used ranged from 1.31% to 5.08%.</p>
<p>4. An explanation of how risk is incorporated and considered in the</p>	<p><i>Please refer to our resolution on Risk Exposures and Financial Instruments Profile</i></p>



Comment	Resolution																																																																																																			
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5. A comparison of the fair values as of the date of the preceding interim period and the amount of gain/loss recognized for each of the said periods	<p>Set forth below is a comparison by category of carrying values and fair values of Group's financial instruments as of September 30, 2011 and June 30, 2011:</p> <table><tr><th></th><th colspan="2">September 30, 2011</th><th colspan="2">June 30, 2011</th></tr><tr><th></th><th>Carrying value</th><th>Fair Value</th><th>Carrying Value</th><th>Fair Value</th></tr><tr><td>Financial Assets</td><td></td><td></td><td></td><td></td></tr><tr><td>Loans and receivables:</td><td></td><td></td><td></td><td></td></tr><tr><td>Cash and cash equivalents</td><td>580,903,360</td><td>580,903,360</td><td>579,298,490</td><td>750,298,490</td></tr><tr><td>Short-term cash investments</td><td>1,400,739,730</td><td>1,400,739,730</td><td>1,391,674,358</td><td>1,391,674,358</td></tr><tr><td>Trade and other receivables</td><td>982,759,395</td><td>874,135,438</td><td>1,077,632,954</td><td>964,089,399</td></tr><tr><td>Due from related parties</td><td></td><td></td><td></td><td></td></tr><tr><td>Others</td><td>2,453,822,380</td><td>2,453,822,380</td><td>2,376,123,095</td><td>2,376,123,095</td></tr><tr><td>AFS financial assets</td><td>469,134,680</td><td>469,134,680</td><td>571,241,298</td><td>571,241,298</td></tr><tr><td>Financial Liabilities</td><td></td><td></td><td></td><td></td></tr><tr><td>Accounts payable and others</td><td>489,222,173</td><td>489,222,173</td><td>553,457,193</td><td>553,457,193</td></tr><tr><td>Loans payable</td><td>13,803,497</td><td>13,803,497</td><td>30,000,000</td><td>30,000,000</td></tr><tr><td>Dividends payable</td><td>-</td><td>-</td><td>108,872,850</td><td>108,872,850</td></tr><tr><td>Long-term debt</td><td>1,217,384,823</td><td>1,217,384,823</td><td>1,413,684,783</td><td>1,413,684,783</td></tr></table> <p>The net gains (losses) per category of financial instruments are as follows:</p> <table><tr><th></th><th>September 30, 2011</th><th>June 30, 2011</th></tr><tr><td>Loans and Receivable</td><td></td><td></td></tr><tr><td>Interest income from short-term cash investments</td><td>39,214,596</td><td>27,484,712</td></tr><tr><td>Provision for doubtful accounts</td><td>-</td><td>-</td></tr><tr><td>AFS Financial Assets</td><td></td><td></td></tr><tr><td>Loss on fair valuation of AFS taken to comprehensive income</td><td>945,599,293</td><td>843,492,675</td></tr><tr><td>Other Financial Liabilities</td><td></td><td></td></tr><tr><td>Interest on loans</td><td>23,031,182</td><td>16,696,598</td></tr></table>		September 30, 2011		June 30, 2011			Carrying value	Fair Value	Carrying Value	Fair Value	Financial Assets					Loans and receivables:					Cash and cash equivalents	580,903,360	580,903,360	579,298,490	750,298,490	Short-term cash investments	1,400,739,730	1,400,739,730	1,391,674,358	1,391,674,358	Trade and other receivables	982,759,395	874,135,438	1,077,632,954	964,089,399	Due from related parties					Others	2,453,822,380	2,453,822,380	2,376,123,095	2,376,123,095	AFS financial assets	469,134,680	469,134,680	571,241,298	571,241,298	Financial Liabilities					Accounts payable and others	489,222,173	489,222,173	553,457,193	553,457,193	Loans payable	13,803,497	13,803,497	30,000,000	30,000,000	Dividends payable	-	-	108,872,850	108,872,850	Long-term debt	1,217,384,823	1,217,384,823	1,413,684,783	1,413,684,783		September 30, 2011	June 30, 2011	Loans and Receivable			Interest income from short-term cash investments	39,214,596	27,484,712	Provision for doubtful accounts	-	-	AFS Financial Assets			Loss on fair valuation of AFS taken to comprehensive income	945,599,293	843,492,675	Other Financial Liabilities			Interest on loans	23,031,182	16,696,598
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Interest on loans	23,031,182	16,696,598																																																																																																		
6. The criteria used to determine whether the market for a financial instrument is an active or inactive, as defined under PAS-39 Financial Instruments	Please refer our resolution on b1 above																																																																																																			
7. Interim financial statements should state whether or not the company will adopt the PFRS 9.	In compliance with SEC Memorandum Circular 3 relative to the rules and disclosures specifically the impact of the adoption of PFRS 9 for interim financial statements, the Company has been evaluating the effect of the early adoption of this standard. As of September 30, 2011, management has not yet made a decision whether to early adopt the standard. The impact to the company's financial position will be fully disclosed in its Financial Statements for the year ended December 31, 2011.																																																																																																			

We would like to assure you that these information will be incorporated in the Company's Audited Financial Statements for the year ended December 31, 2011 and our subsequent filings for the SEC Form 17Q. We have also amended our SEC Form 17Q to include the above disclosures.

We hope we have sufficiently complied with your requirements.

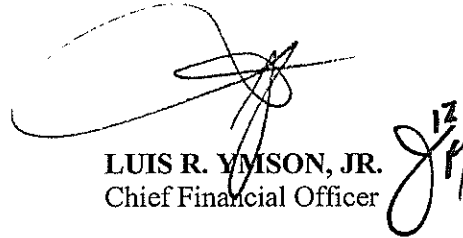
Very truly yours,

ALSONS CONSOLIDATED RESOURCES, INC.

By:



TIRSO G. SANTILLAN, JR.
Executive Vice President and Chief Operating
Officer



LUIS R. YMSON, JR.
Chief Financial Officer