



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 31 March 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  
Number of Shares of Common Stock  
Title of Each Class Outstanding and Amount of Debt Outstanding  
**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  
March 31, 2011 and for the Three-Month Period Ended  
March 31, 2011 and 2010  
*(With Comparative Audited Consolidated Balance Sheet  
As of December 31, 2010)*

**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**UNAUDITED CONSOLIDATED BALANCE SHEET MARCH 31, 2011**  
(With Comparative Audited Figures as at December 31, 2010)

	March 31, 2011 (Unaudited)	December 31, 2010 (Audited)
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	₱790,968,492	₱557,484,545
Short-term cash investments	967,972,552	925,252,004
Trade and other receivables	3,785,569,930	3,786,571,932
Inventories	133,726,972	149,473,558
Real estate inventories	935,046,669	965,934,960
Prepaid expenses and other current assets	137,626,849	126,177,090
<b>Total Current Assets</b>	<b>6,750,911,464</b>	<b>6,510,894,089</b>
<b>Noncurrent Assets</b>		
Noncurrent portion of installment receivables	8,428,167	8,518,424
Investments in real estate	1,250,508,739	1,236,984,371
Investments in associates	50,613,966	49,348,697
Property, plant and equipment	3,074,645,726	3,213,630,071
Available-for-sale financial assets	871,079,845	1,414,733,973
Goodwill	971,840,190	983,029,619
Other noncurrent assets	691,223,711	667,025,629
<b>Total Noncurrent Assets</b>	<b>6,918,340,344</b>	<b>7,573,270,784</b>
	<b>₱13,669,251,808</b>	<b>₱14,084,164,873</b>
<hr/>		
<b>LIABILITIES AND EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable and other current liabilities	₱426,108,755	₱593,628,607
Loans payable	30,000,000	30,000,000
Income tax payable	148,363,092	96,301,458
Current portion of long-term debt	483,019,065	345,385,504
Dividends payable	539,333,004	—
Debts under negotiation	—	145,000,000
<b>Total Current Liabilities</b>	<b>1,626,823,916</b>	<b>1,210,315,569</b>
<b>Noncurrent Liabilities</b>		
Long-term debt - net of current portion	989,346,496	997,560,955
Deferred tax liabilities - net	407,409,998	439,161,455
Retirement payable	15,224,810	14,490,866
Customers' deposits	46,775,804	46,577,892
Asset retirement obligation	32,658,680	32,004,919
Other noncurrent liabilities	14,918,786	14,436,523
<b>Total Noncurrent Liabilities</b>	<b>1,506,334,574</b>	<b>1,544,232,610</b>
<b>Total Liabilities</b>	<b>3,133,158,490</b>	<b>2,754,548,179</b>
<b>Equity</b>		
Capital stock	6,291,500,000	6,291,500,000
Other reserves	(470,139,392)	54,391,302
Cumulative translation adjustment	1,206,866,887	1,247,908,915
Retained earnings	987,134,769	821,624,316
Attributable to owners of the parent	8,015,362,264	8,415,424,533
Non-controlling interests	2,520,731,054	2,914,192,161
<b>Total Equity</b>	<b>10,536,093,318</b>	<b>11,329,616,694</b>
	<b>₱13,669,251,808</b>	<b>₱14,084,164,873</b>
<hr/>		

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

	<b>Three Months Ended March 31</b>	
	<b>2011</b>	<b>2010</b>
	<b>Unaudited</b>	<b>Unaudited</b>
<b>REVENUE</b>		
Energy fees	₱505,460,004	₱498,315,216
Power sales and service income	149,745,019	127,417,778
Sale of real estate	7,314,270	4,381,486
Management fees	7,184,185	7,214,057
Rental income and others	3,145,175	3,016,475
	<b>672,848,653</b>	<b>640,345,012</b>
<b>INCOME (EXPENSES)</b>		
Cost of goods and services	(348,011,887)	(296,235,196)
General and administrative expenses	(72,631,747)	(88,649,688)
Finance charges - net	7,190,217	(2,920,847)
Other income - net	130,156,486	47,479,641
	<b>(283,296,931)</b>	<b>(340,326,090)</b>
<b>INCOME BEFORE INCOME TAX</b>	<b>389,551,722</b>	<b>300,018,922</b>
<b>PROVISION FOR (BENEFIT FROM) INCOME TAX</b>		
Current	55,432,573	67,305,850
Deferred	(12,207,159)	14,513,691
	<b>43,225,414</b>	<b>81,819,541</b>
<b>NET INCOME</b>	<b>₱346,326,308</b>	<b>₱218,199,381</b>
Attributable to:		
Owners of the parent	₱165,510,453	₱76,243,923
Non-controlling interests	180,815,855	141,955,458
	<b>₱346,326,308</b>	<b>₱218,199,381</b>
Basic/diluted earnings per share attributable to owners of the parent		
	<b>₱0.026</b>	<b>₱0.012</b>

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

	<b>Three Months Ended March 31</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>NET INCOME FOR THE PERIOD</b>	<b>₱346,326,308</b>	<b>₱218,199,381</b>
<b>OTHER COMPREHENSIVE LOSS</b>		
Loss on fair valuation of AFS financial assets	(543,654,128)	(4,369,205)
Tax effect	19,123,434	—
	(524,530,694)	(4,369,205)
Translation adjustments	(66,942,186)	(82,093,579)
	(591,472,880)	(86,462,784)
<b>TOTAL COMPREHENSIVE INCOME (LOSS)</b>	<b>(245,146,572)</b>	<b>131,736,597</b>
Attributable to:		
Owners of the parent	(400,062,269)	20,360,408
Non-controlling interests	154,915,697	111,376,189
	(₱245,146,572)	₱131,736,597

**ALSONS CONSOLIDATED RESOURCES, INC. AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2011 AND 2010**

Attributable to Equity Holders of the Parent						
Capital Stock	Gains (Losses)	Actuarial Gains (Losses)	Gains (Losses) on AFS	Financial Assets/(Earnings)	Retained Earnings	Cumulative Translation Adjustment
Balance at January 1, 2011	\$6,291,500,000	(\$3,892,053)	\$58,283,355	\$821,624,316	\$1,247,908,915	\$8,415,424,533
Net income		—	—	165,510,453	—	165,510,453
Other comprehensive loss		—	(524,530,694)	—	(41,042,028)	(565,512,722)
Total comprehensive income (loss)		—	(524,530,694)	165,510,453	(41,042,028)	(400,062,269)
Dividends (Note 15)		—	—	—	—	—
Balance at March 31, 2011	\$6,291,500,000	(\$3,892,053)	(\$466,247,339)	\$987,134,769	\$1,206,866,387	\$8,015,362,264
Balance at January 1, 2010	\$6,291,500,000	(\$3,313,821)	\$12,878,575	\$506,677,806	\$1,415,178,468	\$8,222,921,028
Net income		—	—	76,243,923	—	76,243,923
Other comprehensive loss		—	(4,369,205)	—	(51,514,310)	(55,883,515)
Total comprehensive income (loss)		—	(4,369,205)	76,243,923	(51,514,310)	20,360,408
Dividends (Note 15)		—	—	(62,915,000)	—	(62,915,000)
Balance at March 31, 2010	\$6,291,500,000	(\$3,313,821)	\$8,509,370	\$520,006,729	\$1,363,664,158	\$8,180,366,436
Unrealized Gains (Losses)						
Capital Stock						
Non-controlling Interests						
Total						

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

	<b>Three Months Ended March 31</b>	
	<b>2011</b> (Unaudited)	<b>2010</b> (Unaudited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	₱389,551,722	₱300,018,922
Adjustments for:		
Depreciation and amortization	145,946,406	144,126,678
Gain on settlement of debts	(57,519,783)	-
Interest income	(13,082,063)	(11,734,382)
Finance charges	5,891,846	14,655,229
Retirement costs	3,219,469	2,801,353
Unrealized foreign exchange gain	(2,145,893)	(7,902,855)
Equity in net earnings of associates	(1,265,269)	(3,068,293)
Impairment loss on deferred project cost	814,756	-
Accretion expense for asset retirement obligation	653,761	2,159,268
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	472,064,952	442,400,170
Decrease (increase) in:		
Trade and other receivables	(103,477,539)	(514,185,727)
Prepaid expenses and other current assets	(23,326,926)	1,416,553
Inventories	14,614,487	(2,027,100)
Real estate inventories	5,093,498	5,939,406
Noncurrent portion of installment receivables	90,257	7,658,636
Increase (decrease) in:		
Accounts payable and other current liabilities	(8,103,716)	135,218,530
Customers' deposits	197,912	20,362
Net cash flows from operations	357,152,925	76,440,830
Retirement contributions	(1,909,093)	(2,037,283)
Income taxes paid	-	(67,629,134)
Net cash flows from (used in) operating activities	355,243,832	6,774,413
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Decrease (increase) in:		
Other noncurrent assets	(32,813,104)	14,331,680
Due from related parties	101,989,023	(419,053,708)
Short-term cash investments	(42,720,507)	499,320,851
Investments in real estate	(13,524,368)	(767,058)
Additions to property, plant and equipment	(38,437,019)	(49,309,681)
Interest received	13,266,375	9,630,379
Increase in other noncurrent liabilities	1,304,604	745,817
Proceeds from disposal of property, plant and equipment	140,345	-
Net cash flows from (used in) investing activities	(10,794,651)	54,898,280

(Forward)

	<b>Three Months Ended March 31</b>	
	<b>2011</b>	<b>2010</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of:		
Cash dividends paid	—	(62,915,000)
Debts	(73,036,270)	(114,827,008)
Interest	(12,937,287)	(16,205,547)
Net cash flows used in financing activities	(85,973,557)	(193,947,555)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	258,475,624	(132,274,862)
<b>EFFECT OF FOREIGN EXCHANGE RATE CHANGES</b>		
	(24,991,677)	(33,196,509)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>		
	557,484,545	662,008,558
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		
	₱790,968,492	₱496,537,187

**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 Roces 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			
		March 31, 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
Alsons Power International Limited (APIL)	Power generation	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:

Three Months Ended March 31, 2011 (Unaudited)						
	Power	Real Estate	Product Distribution and Others	Total	Adjustments And Eliminations	Consolidated
<b>Earnings Information</b>						
Revenues						
External customer	₱512,644,189	₱160,204,464	₱—	₱672,848,653	₱—	₱672,848,653
Inter-segment	—	—	326,767,346	326,767,346	(326,767,346)	—
Total revenues	512,644,189	160,204,464	326,767,346	999,615,999	(326,767,346)	672,848,653
Interest expense	(3,737,286)	(643,377)	(218,243)	(4,598,906)	(1,292,940)	(5,891,846)
Interest income	11,725,177	1,314,560	42,326	13,082,063	—	13,082,063
Provision for income tax	46,716,972	1,644,430	—	48,361,402	(5,135,988)	43,225,414
Net income	280,721,051	10,904,320	318,301,777	609,927,148	(263,600,840)	346,326,308

Three Months Ended March 31, 2010 (Unaudited)						
	Power	Real Estate	Product Distribution and Others	Total	Adjustments And Eliminations	Consolidated
<b>Earnings Information</b>						
Revenues						
External customer	₱505,529,273	₱134,815,739	₱—	₱640,345,012	₱—	₱640,345,012
Inter-segment	—	—	363,671,779	363,671,779	(363,671,779)	—
Total revenues	505,529,273	134,815,739	363,671,779	1,004,016,791	(363,671,779)	640,345,012
Interest expense	(6,102,800)	(5,905,681)	(2,646,748)	(14,655,229)	—	(14,655,229)
Interest income	11,363,758	340,338	30,286	11,734,382	—	11,734,382
Provision for income tax	81,140,793	943,204	—	82,083,997	(264,456)	81,819,541
Net income	250,025,103	7,314,072	323,035,129	580,374,304	(362,174,923)	218,199,381

The following table represents segment assets as at March 31, 2011 and December 31, 2010:

	Power	Real Estate	Product Distribution and Others	Total	Adjustments And Eliminations	Consolidated
March 31, 2011	₱6,128,519,816	₱3,466,045,354	₱1,624,621,660	₱11,219,186,830	₱2,450,064,978	₱13,669,251,808
December 31, 2010	6,040,081,716	3,465,450,281	1,865,657,139	11,371,189,136	(2,712,975,739)	14,084,164,873

### 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:

	March 31, 2011 (Unaudited)	December 31, 2010 (Audited)	March 31, 2010 (Unaudited)
Cash on hand and in banks	₱161,853,937	₱123,500,555	₱130,936,565
Short-term deposits	629,114,555	433,983,990	365,600,622

### 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:

#### March 31, 2011 (Unaudited)

Balance at beginning of the period	₱1,414,733,973
Loss on fair valuation taken to other comprehensive income	(543,654,128)
Balance at end of the period	₱871,079,845

#### 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 March 31, 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 6.18% 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 ACR 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.

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## 5. **Equity**

### Capital Stock

Common stock - ₱1 par value:

Authorized - 12,000,000,000 shares	
Issued and Outstanding - 6,291,500,000 shares	₱6,291,500,000

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There have been no changes in the composition of the Parent Company's shares of capital stock as at March 31, 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 three month periods ended March 31, 2011 and 2010, respectively.

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

### Earnings Per Share

	Three Months Ended March 31,	
	2011 (Unaudited)	2010 (Unaudited)
Net income attributable to equity holders of the Parent Company	₱165,510,453	₱76,243,923
Divided by the average number of shares outstanding for the year	6,291,500,000	6,291,500,000
Basic/Diluted EPS	₱0.026	₱0.012

## PART I -- FINANCIAL INFORMATION

### *Item 1. Financial Statements*

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

Interim Financial Statements March 31, 2011 and for the Three-Month Period Ended March 31, 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 three months ended March 31, 2011 and 2010.

Financial KPI	Definition	March 31	
		2011	2010
<u>Profitability</u>			
EBITDA Margin	$\frac{\text{EBITDA}}{\text{Net Sales}}$	79%	70%
Return on Equity	$\frac{\text{Net Income}}{\text{Total Average Stockholders' Equity}}$	3%	2%
<u>Efficiency</u>			
Operating Expense Ratio	$\frac{\text{Operating Expenses}}{\text{Gross Operating Income}}$	29%	35%
<u>Liquidity</u>			
Net Debt Coverage	$\frac{\text{Cash Flow from Operating Activities}}{\text{Net Financial Debt}}$	34%	32%
Current Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	4.15:1	4.36:1

### Profitability

Earnings before interest, taxes, depreciation and amortization (EBITDA) margin of the Company increased to 79% from 70% in 2010. The increase in revenues from ₡640 million to ₡673 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 3% from 2% in 2011 because of higher income this quarter.

## Efficiency

Operating expense ratio improved from 35% to 29% in 2011. 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 34% from 32% in 2010. Current ratio however, decrease to 4.01:1 in 2011 compared to last year's 4.36:1 resulting from the acquisition of 29,149,000 shares of Indophil Resources in December 2010. Indophil shares are listed in the Australian Stock Exchange.

## **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 quarter ended March 31, 2011 compared to the same period last year. Consolidated net income rose by 59% from ₲218 million to ₲346 million, while income attributable to equity holders of the Parent Company increased 2.17x from ₲76 million last year to ₲166 million this year.

Energy fees from the Company's Energy and Power business which formed 76% of total revenues, increased by 1.4% from ₲506 million to ₲513 million. The higher price index in energy fees cushioned the impact of lower energy dispatched and foreign exchange rates during the year. Revenues from the Property Development business also increased by 19% to ₲160 million from ₲135 million. The higher electricity consumption of locators at the Lima Technology Center led to the 18% increase in water sales and other service income at ₲150 million from ₲127 million in 2010. Rental and other income remain the same at ₲3 million for both periods.

Cost of goods sold was reported at ₲348 million, 17% higher than the ₲296 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 48% from 54% last year.

General and administrative expenses decreased 18% from ₲89 million to ₲73 million, this is due primarily to the provision for impairment on ethanol project which was discontinued in 2010.

Net finance charges this year was an income of ₲7.2 million from a net loss of ₲2.9 million in 2010. This is due to lower interest expense resulting from the continued reduction in the Company's loans.

Other income amounted to ₲130 million, up 2.7x from last year's ₲47 million due largely to higher 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 ₦390 million, 30% better than the ₦300 million reported in 2010. Provision for income tax was lower this year at ₦55 million from ₦67 million further improved by the deferred tax benefits compared to an expense in 2010.

In view of the above results, net income attributable to the equity holders of the Parent increased significantly from ₦76 million to ₦166 million. Hence, basic earnings per share rose from ₦0.012 to ₦0.026 this year.

## REVIEW OF FINANCIAL POSITION

ACR and Subsidiaries posted total assets of ₦13.667 billion, 2.9% 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 increased by 4%, from 6.511 billion to 6.751 billion. The increase in cash and cash equivalents resulting from higher collection of trade and other receivables this quarter.

Non-current assets decreased by 9% from ₦7.573 billion to ₦6.918 billion. This is due largely to the 38% decline in value of available-for-sale financial assets from 1.415 billion in 2010 to 871 million this year.

Total liabilities amounted to ₦3.133 billion, 13% higher than the ₦2.755 billion reported at the end of 2010. The unpaid dividend declared by the power subsidiaries led to the 34% increase in current liabilities.

As of March 31, 2011, ACR's current ratio decreased from 4.36:1 to 4.15:1 compared last year, while its debt to equity ratio remained strong at 0.29:1.

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 March 31, 211 compared to December 31, 2010 are as follows:

- a) **Cash and Cash Equivalents** – Increased 42%.  
The timing of collection of receivable led to the increase in cash and cash equivalents during the period.
- b) **Short-term Cash Investments** – Increased 5%  
The increase is due mainly to the additional cash placements of the power companies
- c) **Inventories-net** – Decreased 11%  
The timing of spareparts usage of power companies caused the variances of this account.
- d) **Prepaid Expenses and Other Current Assets** –Increased 9%.

The increase was due largely to the additional prepaid insurance incurred during the period.

- e) **Available-for-sale-financial assets** – Decreased 38%.  
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 March 31, 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 4%.  
The increase is due largely to the additional project development costs incurred during the current period.
- g) **Accounts Payable and Accrued Expenses** – Decrease 15%  
The decrease is primarily due to the restructuring of a loan by the Parent Company and the condoned interest amounting to 83 million.
- h) **Dividends Payable** – Decreased 100%.  
The unpaid dividends declared by the power companies in March 2011 caused the increase in this account.
- i) **Income Tax Payable** –Increased 54%.  
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.
- j) **Current Portion of Long-term Debt** – Increased 40%  
The increase is due primarily to the portion of restructured loan by the Parent Company payable via dacion of some properties of Alsons Land. The transfer of properties is still in process as of the this period.
- k) **Debts Under Negotiation** – Decreased 1000%.  
The decrease is due the restructuring of this account in 2011. Please refer to item g and j above.
- l) **Retirement Payable** – Increased 5%.  
The accrual of retirement payable for the three-month period ended March 31, 2011 caused the increase of this account.
- m) **Deferred Tax Liabilities** – Decreased 7%.  
The translation difference of the non-monetary assets of the power companies accounted for the movements in deferred tax liabilities.
- n) **Other Reserves** – Decreased 964%.  
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 March 31, 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

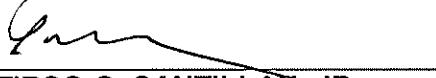
Pursuant to the requirements of the Securities Regulation Code, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized

#### ALSONS CONSOLIDATED RESOURCES, INC.

Issuer

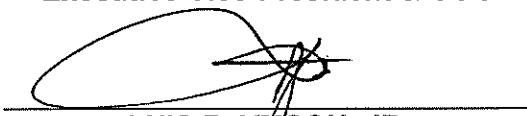
By:

Registrant :

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

Date:

5/19

  
LUIS R. YMSON, JR.  
Chief Financial Officer

Date:

5/19

Type of Accounts Receivable:	TOTAL	1month	2-3months	4-6months	7months to 1year	1-2years	3-5years	5years and above	Past due Accounts
a) Accounts Receivable – Trade									
1 Power	504,881,187	332,234,900	51,402,810	47,187,559	111,452,886	9,790,391	-	-	-
2 Real Estate	296,004,373	35,520,229	40,398,953	6,422,181	36,014,171	136,883,461	-	-	-
3 Water Sales & Utilities	53,518,179	29,434,988	16,055,454	1,605,546	-	-	-	-	-
4 Rental	5,551,298	277,565	832,695	1,387,825	1,942,954	1,110,250	-	-	-
5 Plywood Hardiflex, agri & Ind'l	1,788,149	-	-	-	-	-	-	-	-
Subtotal	861,743,186	397,467,692	108,689,911	54,997,565	151,015,557	147,784,311	1,788,149	0	0
Less: Allow. For Doubtful Accounts	113,543,555	-	-	-	-	-	-	-	-
Net Trade Receivables	748,199,630	397,467,692	108,689,911	54,997,565	151,015,557	34,240,756	1,788,149	0	0
b) Accounts Receivable – Others									
1 Advances affiliates	2,886,314,173	73,168,231	740,837,920	1,104,026,559	927,852,201	40,429,263	-	-	-
2 Advances contractors and suppliers	6,629,072	994,360	1,988,722	2,651,629	331,454	662,908	-	-	-
3 Advances officers & employees	596,129	7,050	123,716	32,500	270,540	162,324	-	-	-
4 Advances to project	36,622,425	7,324,485	9,155,606	13,916,522	5,719,176	506,636	-	-	-
5 Miscellaneous and other receivables	107,208,501	22,959,320	39,159,153	18,840,878	20,099,989	6,149,161	-	-	-
Total Accounts Receivable – Others	3,037,370,300	104,453,446	791,265,116	1,139,468,087	954,273,360	47,910,291	0	0	0
Less: Allow. For Doubtful Accounts	0	-	-	-	-	-	-	-	-
ACCOUNTS RECEIVABLE-NET (a + b)	3,037,370,300	104,453,446	791,265,116	1,139,468,087	954,273,360	47,910,291	0	0	0
ACCOUNTS RECEIVABLE-NET (a + b)	3,785,569,930	501,921,138	899,955,028	1,194,465,652	1,105,288,917	82,151,048	1,788,149	0	0

Accounts Receivable Description

Type of Receivable	Nature/Description	Collection Period
1. Trade receivable		
a) Power	Receivable arising from sale of power to NPC	30 days
b) Lots	Sale of residential lots	3 to 10 years
c) Water & Utilities	Receivable from water & utilities	30 days
d) Steel Frames	Sale of door & window frames	60 days from date of sale
e) Rental	Office, parking & warehouse rental	30 days
i) Plywood Hardiflex, agri & Ind'l	Sale of ecowood, fiber cement board, Agri & Industrial products	365 & 130 days
2. Non-Trade receivable		
a) Advances Officers & Employees	Cash advances for business expenses	30 days
b) Advances Operators/Contractors	Advances made to operators/contractors	30 days
c) Accrued Interest	Interest on temporary investments	30 – 90 days
d) Others	Advances to various and other entities for business/investment development and routine inter-company transactions.	30 days – 2 years

ALSONS CONSOLIDATED RESOURCES, INC AND SUBSIDIARIES  
 Supplementary Schedules  
 As of March 31,2011

Attachment B

Title of Issue and Type of Obligation	Current Portion of Long-Term Debt in the Balance Sheet	Interest Rates	Data shown under Long-Term Debt in the Balance Sheet		
			Term	Maturity	Amount
Parent Company					
Union Bank of the Philippines	24,658,222	Fixed 8%	Quarterly	1. Mar. 2014	49,316,446
Philippine National Bank	17,947,665	Fixed 5%	Monthly	30. Jun. 2012	32,068,114
Rizal Commercial Bank	58,000,000	90days T-Bill plus 3%	Spread	30. Sep. 2014	195,304,800
UCPB	3,500,000	Fixed 6%	Quarterly	30. Sep. 2015	81,074,000
123,066,000					
Southern Philippines Power Corp.					
Development of the Phils.	53,828,832	Fixed 2.25%	Quarterly	15. Jul. 2016	246,619,077
Western Mindanao Power Corp.					
Union Bank of the Philippines	24,575,701	Fixed 2.25%	Quarterly	14. Aug. 2015	86,363,238
Lima Utilities Corp.					
National Transmission Corporation	21,405,055				0
Lima Land, Inc.					
Sumitomo Corporation	108,284,258	Fixed 6%	Annual		29,970,661
Alsons Land Corporation					
Security Bank Corporation	23,100,000	Fixed 5%	Quarterly		134,529,035
Market Developers, Inc.					
Eastwest Bank	833,333	Fixed 7%	Monthly	2. May. 2011	0
Security Bank Corporation	23,820,000	Fixed 5%	Quarterly	2. Nov. 2015	134,101,125
	483,019,065				939,346,496