

COVER SHEET

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S.E.C. Registration Number

A	B	O	I	T	I	Z		P	O	W	E	R		C	O	R	P	O	R	A	T	I	O	N				
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(Company's Full Name)

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K	A	S	A	M	B	A	G	A	N		C	E	B	U		C	I	T	Y								
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(Business Address: No. Street City / Town / Province)

M.	J	A	S	M	I	N	E	S.	O	P	O	R	T	O
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Contact Person

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Company Telephone Number

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Month Day

Fiscal Year

1	7	-	C
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FORM TYPE

0	5		1	8
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Month Day

Annual Meeting

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Secondary License Type, if Applicable

S	E	C
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Dept. Requiring this Doc

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Amended Articles Number/Section

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Total No. of Stockholders

X

Domestic

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Foreign



To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

_____ Cashier

STAMPS

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SECURITIES & EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE (SRC)
AND SRC RULE 17.2(c) THEREUNDER

1. **August 11, 2009**
Date of Report (Date of earliest event reported)
2. SEC Identification Number **C199800134** 3. BIR TIN **200-652-460**
4. **ABOITIZ POWER CORPORATION**
Exact name of registrant as specified in its charter
5. **Cebu City, Philippines**
Province, country or other jurisdiction
of incorporation
6. 
Industry Classification Code
7. **Gov. Manuel A. Cuenco Ave., Kasambagan, Cebu City** **6000**
Address of principal office Postal Code
8. **(032) 411-1800**
Registrant's telephone number, including area code
9. **N.A.**
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA
- | Title of Each Class | Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding
(as of March 31, 2009) |
|-----------------------------------|--|
| Common Stock P1 Par Value | 7,358,604,307 |
| Amount of Debt Outstanding | P16,975,864,000 |

11. Indicate the item numbers reported herein: 9

Item 9: Other Events

Aboitiz Power Corporation ("AP" or the "Company") ended the first semester of 2009 with a core net income of P1.9 billion, recording a 15% year-on-year (YoY) decline. For the period in review, the Company had a non-recurring net loss of P268 million (versus last year's non-recurring net loss of P122 million), which resulted from the revaluation of dollar-denominated loans and placements of the parent company and some of its associate companies and the one-off expenses related to the acquisition of Tiwi-Makban geothermal plants. This brings AP's total net income to P1.6 billion, which translates to an earnings per share of P0.22.

Business Segments

Power Generation

The power generation business ended the period with an income contribution of ₱1.0 billion, recording a 21% decline YoY. When adjusted for non-recurring items, the decline in the group's earnings is reduced to 8% YoY, from ₱1.5 billion for the same period last year to ₱1.3 billion.

For the period in review, the total attributable power sold was 36% higher than last year, from 806 GwH to 1,093 GwH. The expansion can be mainly attributed to the operation of the 100 MW Binga hydropower plant and the Tiwi-Makban geothermal power plants.

As of end-June 2009, AP's attributable capacity was at 1,040 MW, posting a 112% YoY expansion. The increase was due to the turnover of the 175 MW Ambuklao-Binga hydropower plants in July 2008 and the 462 MW Tiwi-Makban geothermal power plants in May 2009.

On a quarter-on-quarter (QoQ) basis, the group's total attributable power sold improved by 150%, mainly due to the hydropower plants' higher generation levels and the one-month sales contribution of the geothermal power plants. With the higher rainfall during the second quarter, the hydropower plants recorded a 152% QoQ increase in attributable energy sales for the months of April-June 2009. In the meantime, the Tiwi-Makban geothermal power plants contributed 253 GwH of net generation.

Despite higher net generation levels, the group's income contribution declined due to lower electricity spot market prices. The Wholesale Electricity Spot Market's (WESM) load weighted average price for the period January to June 2009 recorded a 26% YoY decline. This can be attributed to several factors, which include (1) the significant reduction in fuel costs, particularly oil and coal, (2) the increase in average generated power offered in the spot market resulting from the improved operating efficiency of privatized power plants, and (3) the System Operator's settlement of offers made by the Limay oil-fired power plant outside of the electricity spot market.

The Limay oil-fired power plant has been designated as a Must Run Unit (MRU) to support the contingency imposed for the San Jose transformers. As a designated MRU, the Limay plant's cost is not incorporated in the spot market pricing equation, which effectively brings down prices given this plant's high operating cost.

Wholly owned AP Renewables, Inc. (APRI), owner and operator of the Tiwi-Makban geothermal power plants, recorded ₱316 million in operating income for the period in review. However, the Company had to book one-off expenses totaling ₱265 million, which include ₱113 million in acquisition-related costs and ₱152 million in losses due to the settlement of its foreign exchange forward contracts used to hedge the downpayment made to the Power Sector Assets and Liabilities Management Corporation (PSALM) (40% of the US\$447 million acquisition price). On a recurring basis, APRI contributed ₱192 million to AP's core earnings for the first semester of 2009.

Power Distribution

The group's electricity sales for the first six months of the year grew by 5% YoY, from 1,532 GwH to 1,603 GwH. Power consumption of both residential and non-residential customers improved by 7% and 4%, respectively. This was on the back of an improved customer base with residential and non-residential accounts growing by 4% and 2%, respectively.

Despite the robust volume growth recorded, the distribution group's income contribution for the period in review recorded a 17% YoY decline to P637 million. The lower earnings can be attributed mainly to the under recovery of cost of purchased power by AP's distribution utilities in March 2009, which resulted from the increase in the National Power Corporation's grid rates.

Financial Condition

As of June 30, 2009, the company's total consolidated assets amounted to P63.3 billion, 34% higher than year-end 2008 level of P47.3 billion. The company's consolidated Cash and Cash Equivalents was at P5.9 billion, while total consolidated interest-bearing loans was at P25.9 billion. Equity Attributable to Equity Holders of the Parent marginally increased to P30.3 billion from year-end 2008. Current ratio as of semester end was at 1.1x (versus year-end 2008's 2.2x), while net debt-to-equity ratio was at 0.62x (versus year-end 2008's -0.13x).

Other Developments

On May 1, 2009, Cotabato Light & Power Company (CLP) implemented its final approved rate structure, which was released by the Energy Regulatory Commission on April 15, 2009. This rate structure was based on the approved annual revenue requirement and performance incentive scheme under the Performance-Based Regulation. CLP is the first distribution utility in the AP group to implement this incentive-based scheme.

On July 31, 2009, AP successfully concluded a negotiated bid for the acquisition from the PSALM of two barge mounted diesel powered generation plants, each with a generating capacity of 100MW. The prices offered for the power barges, also known as PB 117 and PB 118, are US\$16 million and US\$14 million, respectively. AP will acquire PB 117, which is located in Barangay Sta. Ana, Nasipit, Agusan del Norte, through its wholly owned subsidiary Therma Mobile Inc. PB 118, which is located in Barangay San Roque, Maco, Davao del Norte, will be acquired by AP's wholly owned subsidiary Therma Marine Inc. At least 40% of the acquisition price will be payable upon closing of the acquisition with the remaining 60% payable over a period not to exceed seven years. Upon turnover of the power barges, AP's attributable generating capacity will be 1,240MW.

SIGNATURE (S)

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 hereunto duly authorized.

ABOITIZ POWER CORPORATION

By

A handwritten signature in cursive script, appearing to read "M. Jasmine S. Oporto".

M. JASMINE S. OPORTO

Corporate Secretary

Date: August 11, 2009