

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				

(Company's Full Name)

A	B	O	I	T	I	Z		C	O	R	P	O	R	A	T	E		C	E	N	T	E	R				
G	O	V	.		M	A	N	U	E	L		A	.		C	U	E	N	C	O		A	V	E	N	U	E
K	A	S	A	M	B	A	G	A	N		C	E	B	U		C	I	T	Y								

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

JOSEPH TRILLANA T. GONZALES

Contact Person

(032) 411-1800

Company Telephone Number

1	2		3	1
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Month Day

Fiscal Year

1	7	-	C
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FORM TYPE

0	5		1	7
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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

LCU

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Document I.D.

Cashier

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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 5, 2010**
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 June 30, 2010) |
|-----------------------------------|---|
| Common Stock P1 Par Value | 7,358,604,307 |
| Amount of Debt Outstanding | P76,427,049,000 |
11. Indicate the item numbers reported herein: 9

Item 9: Other Events

Aboitiz Power Corporation ("AP" or "the Company") recorded a consolidated net income of P5.3 billion for the quarter ending June 30, 2010, a 334% expansion versus the same period last year. The movements in the peso-dollar exchange rate resulted to a P560 million non-recurring loss (versus last year's non-recurring loss of P159 million) due to the revaluation of dollar-denominated loans and placements on a consolidated basis. This brings AP's core net income for the second quarter of 2010 to P5.8 billion, 325% higher year-on-year ("YoY").

On a year-to-date ("YTD") basis, AP's bottomline performance recorded a 696% YoY increase, from P1.6 billion to P12.7 billion, translating to an earnings

per share of ₱1.73. Foreign exchange losses that resulted from the revaluation of consolidated dollar-denominated loans and placements resulted to a non-recurring loss of ₱156 million (versus last year's non-recurring net loss of ₱268 million). Adjusting for this one-off, the Company recorded a 590% YoY growth in its core net income, from ₱1.9 billion to ₱12.9 billion.

Business Segments

Power Generation

For the three-month period in review, the power generation business recorded an income contribution of ₱5.2 billion, posting a significant improvement of 459% YoY. When adjusted for non-recurring items, the group registered a 436% YoY growth in its core net income, from ₱1.1 billion to ₱5.8 billion.

AP's attributable power sold for the quarter was 228% higher YoY, from 781 GwH to 2,566 GwH. The Tiwi-Makban geothermal power plants, which were turned over to AP on May 26, 2009, had a full three months contribution during the quarter in review. In addition, fresh contributions from the Pagbilao coal-fired power plant, the power barges, one unit of the Sibulan hydro power plant and two units of the Cebu coal-fired power plant augmented AP's attributable net generation for the quarter.

On a YTD basis, the generation business accounted for 96% of earnings contributions from AP's business segments, recording an income share of ₱12.8 billion for the first semester of 2010, up 1,121% YoY. Netting out one-off items, AP's generation business shored in close to ₱13 billion for the period, 875% higher than last year. This was on the back of a 356% YoY increase in total attributable power sales, from 1,093 GwH to 4,984 GwH.

As of end June 2010, AP's attributable capacity was at 2,014 MW, posting a 93% YoY increase. The expansion was due to the assumption of the dispatch control over the 700 MW contracted capacity of the Pagbilao coal-fired power plant in October 2009, the takeover of the two 100 MW power barges in the first quarter of this year and the start of operations of the 26 MW unit of Sibulan hydro power plant in March 2010 and the two 82 MW units of the 26%-owned Cebu coal-fired power plant in February and May 2010.

Power Distribution

AP's attributable electricity sales for the quarter ending June 30, 2010 grew by 10% YoY, from 832 GwH to 912 GwH. Growth was spurred by increases in attributable power consumption of the residential, commercial and industrial customers, recording YoY increases of 7%, 6% and 12%, respectively.

Despite the strong growth in AP's attributable electricity sales for the quarter in review, the power distribution business recorded a 4% drop in its earnings contribution, from ₱385 million to ₱369 million, due to increases in operating expenses. Davao Light & Power Company, Inc. was forced to run its back-up power plant to provide the much-needed power to the Mindanao Grid. The implementation of the reduced systems loss allowance in January 2010, from 9.5% to 8.5%, also resulted to additional costs absorbed by two of AP's distribution utilities.

On a YTD basis, total attributable electricity sales increased by 9%, from 1,603 GWh to 1,753 GWh. Leading the pack was the industrial segment recording a 12% YoY growth, while residential and commercial accounts registered 6% and 5% YoY expansions, respectively. The group's customer base still expanded YoY with the residential, commercial and industrial segments growing by 5%, 3% and 4%, respectively.

However, income contribution for the first semester recorded an 8% YoY decline, from ₱637 million to ₱587 million. Additional operating expenses brought about by the operation of the back-up power plant and the higher costs absorbed due to the reduction in systems loss weighed down the impact of the strong topline performance of the distribution group for the period in review.

Financial Condition

As of June 30, 2010, the Company's total consolidated assets amounted to ₱122 billion, 10% higher than year-end 2009 level of ₱111 billion. The Company's consolidated Cash and Cash Equivalents was at ₱6.2 billion, while total consolidated interest-bearing loans was at ₱65 billion. Equity Attributable to Equity Holders of the Parent increased by 30% to ₱45 billion from year-end 2009. Current ratio as of semester-end was at 1.2x (versus year-end 2009's 0.7x), while net debt-to-equity ratio was at 1.3x (versus year-end 2009's 1.8x).

Other Developments

On June 28, 2010, AP and its partners in STEAG State Power, Inc., owner of the 232 MW coal plant located at the Phividec Industrial Estate in Villanueva, Misamis Oriental, firmed up their collective intention to develop a third unit of approximately 150 MW capacity adjacent to the existing facility. AP and its partners agreed to maintain their shareholdings in the same proportions in the new corporation to be established for the planned additional capacity. Certain essential facilities, such as the jetty, coal handling facilities and stockyards and the 138-kV interconnection with the Mindanao Grid are to be shared with the existing facilities. Depending on the interest the market demonstrates, the agreement contemplates the possibility of another unit.

On July 7, 2010, AP was informed by SN Aboitiz Power-Benguet, Inc. (SNAPB) that rehabilitation of the civil and electro-mechanical components of the 75 MW Ambuklao Hydroelectric Power Plant located in Bokod, Benguet is now 75% complete. However, a new headrace tunnel ("HRT") will have to be built, as SNAPB encountered difficulties in completing the plugging of the existing plant HRT due to the unexpectedly larger quantity of sediments (silt and clay) in the facility compounded by the effect of Typhoon Pepeng. Given this, the plant's rehabilitation works are expected to be completed by the last quarter of 2011, when all three (3) units are operating, instead of end-2010 as earlier reported. The Ambuklao plant will have a capacity of 105 MW of renewable energy that will significantly augment supply of electrical power to the Luzon Grid.

AP was informed by Redondo Peninsula Energy, Inc. ("RP Energy") that, after revisiting the power demand and supply situation in the Luzon Grid, it has decided to pursue the 300 MW coal-fired power plant project in the Subic Bay Freeport Zone (the "Subic Coal Project"). Management believes that the

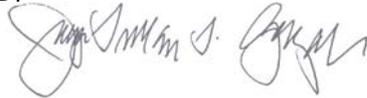
current economic environment makes the Subic Coal Project more feasible. RP Energy is in talks with prospective turnkey contractors for the EPC contract for the Subic Coal Project. RP Energy is the joint venture company between AP and Taiwan Cogeneration International Corporation for the Subic Coal Project. The Board of Directors of AP had previously approved its investment in RP Energy but agreed with its joint venture partner on the deferral of the Subic Coal Project timetable. The AP Board has recently approved the implementation of the Subic Coal Plant for this year.

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 black ink, appearing to read 'Joseph Trillana T. Gonzales', written over a light blue horizontal line.

JOSEPH TRILLANA T. GONZALES
Assistant Corporate Secretary

Date: August 5, 2010