

COVER SHEET

C 1 9 9 8 0 0 1 3 4

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)

M. JASMINE S. OPORTO

Contact Person

032-411-1801

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

1 7 - C

FORM TYPE

3rd Monday of May
0 5 1 6

Month Day

Annual Meeting

Secondary License Type, if Applicable

S E C

Dept. Requiring this Doc

Amended Articles Number/Section

469

Total No. of Stockholders

x

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier


STAMPS

Remarks = pls. Use black ink for scanning purposes

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. July 28, 2011
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 6. 
Province, country or other jurisdiction of incorporation 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 March 31, 2011
<u>Common Stock P1 Par Value</u>	<u>7,358,604,307</u>
<u>Amount of Debt Outstanding</u>	<u>P76,715,262,000.00</u>

11. Indicate the item numbers reported herein: 9

Item 9: Other Events

Aboitiz Power Corporation (AboitizPower or the Company) recorded a consolidated net income of P5.5 billion (bn) for the quarter ending June 30, 2011, recording a 4% year-on-year (YoY) improvement. The movements in the peso-dollar exchange rate resulted to a P36 million (mn) non-recurring gain (versus last year's non-recurring loss of P560 mn) due to the revaluation of consolidated dollar-denominated loans and placements. A one-off gain of P179 mn (net of tax) was also booked by an associate company as it received cost reimbursements from the National Power Corporation (NPC) relating to its fuel importation. All these bring

AboitizPower's core net income for the second quarter of 2011 to ₱5.3 bn, which is 10% lower YoY.

On a year-to-date (YTD) basis, AboitizPower's bottomline performance recorded a 17% YoY decline, from ₱12.7 bn to ₱10.6 bn. This translated to earnings per share of ₱1.44. The revaluation of consolidated dollar-denominated loans and placements resulted to a non-recurring gain of ₱143 mn (versus last year's non-recurring net loss of ₱156 mn). In addition, AboitizPower logged ₱527 mn in one-off gains, net of tax, during the six-month period, as: (1) a wholly owned subsidiary booked revenue adjustments in the first quarter of 2011 resulting from a favorable ruling by the industry regulator regarding its tariff structure for its ancillary services contract; and (2) an associate company recovered costs relating to its fuel importation in the second quarter of 2011. Adjusting for these one-offs, the Company's core net income for the first semester of 2011 amounted to ₱9.9 bn, down by 23% YoY.

Business Segments

Power Generation

For the quarter ending June 30, 2011, the power generation business managed to replicate previous year's profit contribution of ₱5.2 bn. When adjusted for non-recurring items, however, the group registered a 14% YoY decline in its core net income, from ₱5.8 bn to ₱5 bn.

During the quarter in review, lower prices prevailed at the Wholesale Electricity Spot Market (WESM), vis-à-vis 2010 levels. As a result of soft spot market prices, the group's average selling price and net generation declined YoY, with the latter brought about by lesser transactions in the WESM. Meanwhile, one of the Company's coal plants experienced a margin squeeze for the quarter, as tariffs on its bilateral contracts did not allow the recovery of the YoY increase in its fuel cost. Ancillary services, on the other hand, continued to provide a buffer to the group's earnings. Improved water levels, coupled with the increased acceptance levels for the nominated capacities made by the Magat hydropower plant and the additional fresh nominated capacities of the Binga hydropower plant, resulted to the strong bottomline performance of AboitizPower's merchant hydro assets for the quarter.

On a YTD basis, the generation business accounted for 91% of the earnings contributions from AboitizPower's business segments, recording an income share of ₱10.2 bn for the first semester of 2011, down 20% YoY. Netting out one-off items, AboitizPower's generation business shored in close to ₱9.5 bn for the period, 27% lower than last year.

The decline in the group's YTD bottomline performance was due to the lower average selling price and net generation recorded for the period. As a group, AboitizPower's generation business logged a 16% YoY drop in average selling prices, given the softening of the spot market prices vis-à-vis first semester 2010 levels. The average price of electricity in the WESM recorded a 55% YoY drop for the period YTD June 2011. Both demand and supply conditions that prevailed during the period in review were responsible for the weakness of the spot market prices. Demand for electricity, particularly in the island of Luzon, remained flat versus last year. Supply, in the meantime, showed increases given marked improvements on outage levels for Luzon-based powerplants. The adverse impact on earnings, however, was tempered by AboitizPower's strategic move of lowering its exposure to the spot market, as it continued to sign additional bilateral contracts. On the

other hand, AboitizPower's net generation for the first semester of 2011 registered a 7% YoY decline from 4,984 GWh to 4,640 GWh. The drop in the level of generated power was mainly accounted for by reduced spot market transactions brought about by the prevailing low prices.

The YoY increase in fuel costs resulted to a margin squeeze for wholly-owned Therma Luzon, Inc. (TLI), which is the IPP Administrator of the 700 MW Pagbilao coal-fired power plant. Coal price escalated in 2011 given the unfavorable global supply situation. As most of the plant's bilateral contracts are based on the NPC Time-of-Use rates, TLI was not able to cover for the increase in its fuel cost during the period in review.

For the first semester of 2011, the ancillary services provided by AboitizPower's merchant hydro assets grew significantly over last year. With the elevated water levels during the period vis-à-vis same time last year, the capability of both Magat and Binga to offer ancillary services was significantly enhanced. The period saw a higher level of accepted capacities nominated by Magat, while Binga had fresh contribution this year given its ancillary services contract only took effect in the third quarter of 2010. The combined income contribution of these assets for the semester in review was at ₱2.3 bn, a significant increase from last year's ₱135 mn.

As of end June 2011, AboitizPower's attributable capacity was at 2,331 MW, posting a 16% YoY increase. The expansion was due to the following: completion of the 16.5 MW Plant A of Hedcor Sibulan in July 2010, completion of the last unit (82 MW) of the 26%-owned Cebu coal powerplant in the fourth quarter of 2010, the assumption of full ownership and control over the 70 MW Bakun hydropower facility in May 2011, the acquisition of the 242 MW power barges in Navotas in May 2011, and the partial completion of the rehabilitation of the Ambuklao hydropower facility in June 2011.

Power Distribution

AboitizPower's attributable electricity sales for the quarter ending June 30, 2011 was at 925 GWh, a slight improvement from last year's 912 GWh. Growth was mainly accounted for by the strong showing of the industrial segment, which posted a YoY increase of 4%. Gross margin on a group-wide basis improved by 34% YoY to ₱1.27/kWh, as Davao Light & Power Company, Inc. (Davao Light) and Visayan Electric Company, Inc. (VECO) shifted to the Performance Based Regulation (PBR) scheme in August 2010. Moreover, Davao Light reduced its operating expenses for the quarter in review, as operation of its back-up power plant was not required during the period. All told, the power distribution group's income contribution for the second quarter of 2011 was at ₱569 mn, up by 54% YoY.

On a YTD basis, total attributable electricity sales increased by 3%, from 1,753 GWh to 1,814 GWh. Leading the pack was the industrial segment recording a 7% YoY growth, while residential and commercial accounts registered marginal declines for the period in review. With the reduced operating expenses in Davao Light, coupled with the positive effect of shifting to PBR by Davao Light and VECO in August 2010, the power distribution group's gross margin for the first semester of 2011 improved by 39% YoY to ₱1.32/kWh. As such, the profit performance of the power distribution group as of end-June 2011 registered a 74% YoY expansion, from ₱587 mn to ₱1 bn.

Financial Condition

As of June 30, 2011, the Company's total consolidated assets amounted to P144.3 bn, 7% higher than year-end 2010 level of P134.6 bn. The Company's consolidated Cash and Cash Equivalents was at P20.2 bn, while total consolidated interest-bearing loans was at P73.3 bn. Equity Attributable to Equity Holders of the Parent increased by 2% to P58.6 bn from year-end 2010. Current ratio as of semester-end was at 2.7x (versus year-end 2010's 2.6x), while net debt-to-equity ratio was at 0.9x (versus year-end 2010's 0.8x).

Other Developments

In May 2011, AboitizPower's 100% owned Aboitiz Renewables, Inc. (ARI) assumed full ownership and control of Luzon Hydro Corporation (LHC) after meeting all conditions set out in a Memorandum of Agreement with Pacific Hydro Bakun, Inc. (PHBI). PHBI, a wholly owned subsidiary of Pacific Pty Ltd of Australia, was the joint venture partner of ARI in LHC, which owns and operates the 70-MW Bakun run-of-river hydropower plant in Ilocos Sur. As a result of having full control and ownership in LHC, an additional 35 MW of attributable capacity was added to AboitizPower's portfolio of generation assets.

In May 2011, Therma Mobile, Inc., a wholly owned subsidiary of AboitizPower, acquired four barge-mounted floating power plants including their respective operating facilities from Duracom Mobile Power Corporation and East Asia Diesel Power Corporation. Rehabilitation works will commence upon turnover, with completion estimated by the fourth quarter of 2011 for 123 MW, and the balance within the first semester of 2012.

In June 2011, SN Aboitiz Power-Benguet, Inc. (SNAP-Benguet) commenced the operations of one of the three units of the Ambuklao Hydroelectric Power Plant located in Bokod, Benguet. This unit, which has a rated capacity of 35 MW (originally at 25 MW), is one of the three generating units of the Ambuklao plant. Rehabilitation works commenced in 2008 following its turn over by the Power Sector Assets and Liabilities Management Corporation (PSALM). AboitizPower has an effective stake of 50% in this facility.


In June 2011, Meralco PowerGen Corporation (MPGC) announced its intention of participating in Redondo Peninsula Energy, Inc.'s (RP Energy) Subic coal project, which involves the construction and operation of a 2x300 MW coal-fired power plant. MPGC will take a controlling interest in RP Energy, with Therma Power, Inc. (TPI), AboitizPower's wholly owned subsidiary, and Taiwan Cogeneration International Corporation (TCIC) to own the remaining stake equally. In July 2011, MPGC, TPI and TCIC signed a Shareholders Agreement to formalize MPGC's participation in the project.

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 "M. Jasmine S. Oporto". The signature is written in a cursive style with a large initial "M" and a long, sweeping underline.

M. JASMINE S. OPORTO

Corporate Secretary

Dated: July 28, 2011