

**COVER SHEET**

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S.E.C. Registration Number

A	B	O	I	T	I	Z	E	Q	U	I	T	Y	V	E	N	T	U	R	E	S	,	I	N	C	.

( 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	C	U	E	N	C	O	A	V	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 )

LEAH I. GERALDEZ
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Contact Person

(032) 411-1804
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Company Telephone Number

**Current Report**

1	2		3	1
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Month Day

Fiscal Year

1	7	-	C
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FORM TYPE

0	5		2	1
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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
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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.

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Cashier

STAMPS
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**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. **October 30, 2007**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **CE02536**
3. BIR TIN **003-828-269-V**
4. **ABOITIZ EQUITY VENTURES, INC.**  
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**  
Address of principal office
8. **6000**  
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 September 30, 2007)
<b>Common Stock P1 Par Value</b>	<b>5,694,599,621</b>
<b>Amount of Debt Outstanding</b>	<b>P22,338,208,286</b>
11. Indicate the item numbers reported herein: 9

**Item 9: Other Events**

Aboitiz Equity Ventures, Inc.'s (AEV) net income for the first nine months of 2007 grew by 63% to P3.9 billion from P2.4 billion in the same period last year. Earnings per share improved to P0.69 from P0.49 for the comparative period in review.

The strong showing was driven by the robust performance of the power and banking groups, accounting for 54% and 26% of total income, respectively. Food continued to be a stable source of earnings (11% of total income); while the transport group's operations (10% of total income) has sustained its profitability for the year.

For the period in review, AEV recognized a gain of P4.8 billion due to its ownership dilution in Union Bank of the Philippines (UBP) and Aboitiz Power Corporation (AP). On May 10, 2007, Union Bank of the Philippines (UBP) had a follow-on offering listing 90 million common shares at an offer price of P59 per share. AEV and the two other major shareholders of UBP waived its pre-emptive rights to subscribe to improve the bank's shares free float. On July 16, 2007, AP listed its shares in the Philippine Stock Exchange. A total of 1,787,664 shares were issued and sold at an initial public offer price of P5.80 per share. Taking the conservative approach, AEV recognized the gains on dilution directly in equity instead of recording it as part of the consolidated net income.

## **Business Segments**

### ***Power***

Despite AEV's ownership dilution in AP, income contribution from the power group grew by 11% year-on-year, from P1.8 billion to P2.0 billion. This was on the back of a 25% year-on-year revenue growth recorded for the period, where distribution and generation accounted for 78% and 21%, respectively.

The power distribution business contributed net earnings of P957 million to AEV, recording a 4% improvement over last year's P925 million. A 7% year-on-year growth in total electricity sales, from 1,865 GwH to 1,990 GwH, led to a 7% improvement in the business' total consolidated revenues from P5.9 billion to P6.4 billion.

The power generation business had a strong showing for the period in review with earnings contribution recording a 15% expansion, from P874 million to P1.0 billion. Increased generated power brought about by higher generating capacity led to total electricity sales of 566 GwH, 97% higher than last year's 287GwH. Total consolidated revenue of the business was at P1.7 billion, up by 215% from P553 million, primarily due to the topline contribution of Cebu Private Power Corporation.

### ***Financial Services***

The financial services group contributed net earnings of P963 million in the first nine months of 2007, 34% higher than previous year's P721 million. This can be attributed to the strong showing of both UBP and City Savings Bank (CSB).

UBP ended the period with consolidated net income of P2.2 billion, 41% higher than previous year's P1.6 billion. Revenues for the period in review were at P6.5 billion, up 31% year-on-year. This is primarily due to a 43% expansion in the bank's net interest income. Non-interest income derived from fees, commissions, trading and other income continued to post strong gains at 17%. Strong revenue growth, coupled with lower requirement for provisioning, offset the increase in operating expenses brought on by the combined operations of UBP and iBank. UBP's total assets as of end September 2007 reached P171 billion, with net loans and receivables at P41 billion.

System integration between UBP and iBank was completed on July 23, 2007. Cost synergies continue to be realized from the streamlining of operations and the improved systems and technology. To date, UBP has realized almost P500 million in cost savings from the merger.

AEV's non-listed thrift bank, City Savings Bank (CSB), contributed earnings of P49 million during the period in review. This was a 132% expansion from last year's P21 million. The bank recorded a 53% year-on-year growth in loans while total deposits grew by 60% year-on-year. CSB's branch network increased by 4 from last year, which led to a 22% increase in depositor base. CSB continues to experience strong growth in its consumer lending activities to its identified market niche. The bank currently has over 69,000 depositors and 59,000 borrowers.

### ***Transport***

Led by the strong showing of 77%-owned Aboitiz Transport System Corporation (ATS), the transport group ended the first nine months of 2007 with a net income contribution of P369 million. This was a reversal from previous year's net loss of P275 million.

ATS' cost-saving measures and its improved operating efficiencies resulted to improved profitability despite a flat topline growth rate for the period. The company's total costs and expenses for the period declined by 5% year-on-year.

In the third quarter of 2007, ATS completed the sale of SuperFerry 15 with total proceeds amounting to P800 million. Gains from said transaction, coupled with enhanced operating performance and lower financing costs, resulted to a net income

of P481 million for the first nine months of 2007. This is a complete turnaround from a net loss of P353 million for the same period last year.

ATS continues to focus on strengthening its financial position. As of date, total interest bearing liabilities have gone down by 71% from year-end 2006 levels. Consequently, net financing costs were reduced by 72%.

#### ***Food***

Income contribution from AEV's non-listed food subsidiary, Pilmico Foods Corporation ('Pilmico'), amounted to P411 million, 17% higher than last year's P350 million. Strong volume sales for the flour business led to a 15% year-on-year increase in consolidated revenues, to P4.0 billion from P3.5 billion. Higher selling prices for flour and its efficient milling operations enabled the company to achieve a 37% year-on-year expansion in operating income, from P435 million to P595 million. In the meantime, the company's feeds business and swine operations recorded a 22% year-on-year growth in combined revenues, from P2.0 billion to P2.5 billion. The strong performance of the company's swine operations tempered the adverse impact of higher input costs to the feeds business' profitability. Pilmico's equity in net earnings from these businesses recorded a 56% drop to P46 million for the period.

#### **Financial Condition**

As of September 30, 2007, the company's total assets amounted to P66.5 billion, up by 63% from year-end 2006. Cash and cash equivalents amounted to P15.6 billion, higher by P7.6 billion from year-end 2006 levels. Total liabilities grew by 35% to P22.3 billion, while Equity Attributable to Equity Holders of the Parent increased by 55% to P35.8 billion. Current ratio as of period end was at 2.3x (versus year-end 2006's 2.1x), while total debt-to-equity ratio was at 0.5x (versus year-end 2006's 0.7x).

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 EQUITY VENTURES, INC.**

By:



**LEAH I. GERALDEZ**

Assistant Corporate Secretary

Date: October 30, 2007