

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

LEAH I. GERALDEZ

Contact Person

(032) 411-1804

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		1	9
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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

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 7, 2008**
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** 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
(as of June 30, 2008) |
|-----------------------------------|---|
| Common Stock P1 Par Value | 5,628,569,621 |
| Amount of Debt Outstanding | P18,616,909,386.00 |
11. Indicate the item numbers reported herein: 9

Item 9: Other Events

Aboitiz Equity Ventures, Inc. (AEV) ended the first semester of 2008 with a total recurring net income of P2.26 billion, recording a year-on-year increase of 4% over last year's P2.17 billion. For the period in review, the company had a non-recurring loss of P42 million, which includes (1) a foreign exchange net loss of P200 million at parent and subsidiary levels, (2) a P48 million share in gains on asset sale and insurance claims made by its subsidiary, Aboitiz Transport System Corporation (ATS) and (3) a P110 million share in the reversal of provisions made by an associate company due to an arbitration settlement. This brings AEV's total net income to P2.21 billion, a 9% year-on-year drop from previous year. This translates to an earnings per share of P0.39 for the first semester of 2008.

Aboitiz Power Corporation (AP) accounted for 69% of AEV's total income for the period in review. This was followed by the banking group with its income share

amounting to 20% of total. The food group shored in earnings contributing 10%, with the balance turned in by the transport group.

Business Segments

Power

Despite the reduced ownership in AP, the power group's income contribution for the period grew by 39% year-on-year, from P1.12 billion to P1.56 billion.

The power generation business shored in bulk of AP's income contribution to AEV. The business ended the period with net earnings contribution of P999 million, up 114% year-on-year. This strong showing can be attributed to the incremental earnings contributions from 2007 acquisitions, with major contributions coming from the 232MW STEAG coal power plant and the 360MW Magat hydro power plant, and the improved performance of AP's other generation assets. Total power sold for the period recorded a 207% year-on-year expansion, from 262 GwH to 806 GwH.

In the meantime, the power distribution business contributed net earnings of P580 million to AEV, recording a 13% decline mainly due to AEV's ownership dilution in AP. AP's distribution utilities continued to record healthy electricity sales growth rates with the first semester posting a 17% year-on-year improvement, from 1,311 GwH to 1,532 GwH. Excluding the sales contribution of the distribution utilities acquired last year, the group recorded an organic growth of 6% year-on-year.

Financial Services

The financial services group contributed net earnings of P459 million for the first semester, 43% lower than previous year's P802 million.

Union Bank of the Philippines (UBP) ended the period with an earnings contribution of P 439 million, 43% lower than the previous year's P772 million. The decline was due to extraordinary income generated from trading and sale of assets in the same period last year.

Net interest income grew by 13% to P2.7 billion while loans increased by 39% to P54.5 billion during the first semester. Interest income from loans increased by 15% to P2.1 billion on the back of robust expansion in corporate, commercial and consumer finance business. Interest income on trading and investment securities also improved by 48% to P1.5 billion. In the meantime, interest expense on deposits and bills payables dropped by 36% to P1.7 billion mainly due to reduction in deposit cost and funding requirements.

Given the bank's sustained commitment to cost discipline and efficiency, operating expenses remained flat at P2.6 billion. This resulted to an operating income of P3.9 billion for the first semester.

UBP's asset base stood at P177.7 billion as of semester end, with deposit level of P131.8 billion. The bank's capital adequacy ratio was at 13.3%, inclusive of credit, market and operational risk charges, which remains above the industry minimum requirement of 10%.

AEV's non-listed thrift bank, City Savings Bank (CSB), contributed earnings of P20 million during the period in review, down 33% from the same period last year. The bank's lower earnings contribution could be attributed mainly to lower net interest margins and increased manpower costs. Total resources increased by 13% to P4.5 billion from 2007 year-end level of P4.0 billion. The bank's NPL ratio stood at

2.27% while its NPL coverage ratio was at 120%. Total capital funds amounted to P513 million with a capital adequacy ratio of 17%.

Transport

The transport group ended the first semester with a net income contribution of P19 million, a 94% year-on-year decline from last year's P284 million.

Despite operating at reduced capacity due to vessel sales and repair, Aboitiz Transport System Corporation's (ATS) total consolidated revenues grew by 9% year-on-year, from P5.5 billion to P6.0 billion. Robust freight revenues coupled with increased service fees generated from its supply chain management services led to the topline growth.

ATS' freight revenues for the period increased by 12% year-on-year to P3.7 billion. This growth was on the back of the company's improved chartering business and tonnage modernization initiatives. Additional tonnage from its joint venture with the AP Moller Maersk Group, MCC Transport Philippines, replaced the freighter vessel, 2GO1, which the company terminated during the period.

The development of the company's supply chain management solutions business resulted to a 35% expansion in service fees, from P506 million to P682 million. ATS continues to expand its value-added business with the purchase of Scanasia Overseas, Inc. in June 2008. Scanasia is engaged in the business of sales, marketing, warehousing and transportation of temperature-controlled and ambient food products to its customers in the Philippines.

The continued rise in fuel prices and higher charter-related expenses, however, led to a 15% increase in the company's total costs and expenses. Impact on the margins was tempered with the positive earnings contribution of the company's value-added services. Net income attributable to equity holders of parent for the period amounted to P17 million, compared to P367 million last year, which includes a P247.5 million after tax gain on sale of vessels.

Food

Income contribution from AEV's non-listed food subsidiary, Pilmico Foods Corporation, amounted to P231 million, slightly up from last year's P230 million. Revenues of its flour business grew by 21% year-on-year, mainly due to higher selling prices. Earnings from its wholly owned subsidiary, Fil-Am Foods Inc., grew by 175% year-on-year with the swine business' robust volume sales and favorable prices realized by both swine and feeds.

Financial Condition

For the period ending June 30, 2008, the company's total assets amounted to P61.3 billion, down by 6% from year-end 2007 level. Cash and cash equivalents amounted to P12.0 billion, lower by P6.5 billion from year-end 2007 level. Total liabilities were maintained at year-end 2007 level, or P18.5 billion, while Equity Attributable to Equity Holders of the Parent decreased by 10% to P34.4 billion. Current ratio as of period end was at 1.9x (versus year-end 2007's 2.5x), while net debt-to-equity ratio was at -0.03x (versus year-end 2007's -0.15x).

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:

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

M. JASMINE S. OPORTO

Corporate Secretary

Date: August 7, 2008