

COVER SHEET

C	E	0	2	5	3	6				
---	---	---	---	---	---	---	--	--	--	--

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)

CATHERINE R. ATAY																								
--------------------------	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

Contact Person

(032) 411-1800									
-----------------------	--	--	--	--	--	--	--	--	--

Company Telephone Number

Current Report

1	2		3	1
---	---	--	---	---

Month Day

Fiscal Year

1	7	-	C
---	---	---	---

FORM TYPE

0	5		1	6
---	---	--	---	---

Month Day

Annual Meeting

--

Secondary License Type, if Applicable

S	E	C
---	---	---

Dept. Requiring this Doc

--

Amended Articles Number/Section

10,425				
---------------	--	--	--	--

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. **November 4, 2011**
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 September 30, 2011) |
|-----------------------------------|--|
| Common Stock P1 Par Value | 5,521,871,821 |
| Amount of Debt Outstanding | P 105,771,012,918 |

11. Indicate the item numbers reported herein: 9

Item 9: Other Events

Aboitiz Equity Ventures, Inc. (AEV or the Company) ended the third quarter of 2011 with a consolidated net income of P5.8 billion (bn), recording an increase of 5% year-on-year (YoY). Out of the total earnings contributions from the Company's strategic business units (SBU), Power accounted for 74%. Income share of the Banking and Food SBUs were at 21% and 5%, respectively.

For the three-month period in review, the Company recorded one-off gains amounting to P11 million (mn), vis-à-vis last year's P528 mn. The revaluation of consolidated dollar-denominated loans and placements resulted to a non-recurring loss of P138 mn. In addition, an associate company of its Power SBU incurred a one-off gain, as it reversed an accrued expense booked in 2010 relating to its Independent Power Producer Administration (IPPA) contract. AEV's share was at

₱149 mn. Adjusting for these one-off's, AEV closed the quarter ending September 30, 2011 with core profits of ₱5.8 bn, a 16% YoY expansion.

On a year-to-date (YTD) basis, AEV ended the first nine months of the year with a consolidated net income of ₱16 bn, recording a decline of 5% YoY. This translates to ₱2.91 in earnings per share. Power remained to account for the lion's share at 77%, which was followed by the Banking and Food SBUs with income contributions of 17% and 6%, respectively.

For the period ending September 30, 2011, the Company incurred a non-recurring gain of ₱523 mn (versus last year's ₱408 mn), which comprised the following: (1) a net loss of ₱28 mn due to the revaluation of consolidated dollar-denominated loans and placements; (2) a ₱266 mn gain given a power subsidiary's revenue adjustment in the first quarter that resulted from a favorable ruling by the industry regulator involving its ancillary services tariff structure; (3) a ₱137 mn gain as a power associate company recovered costs relating to its fuel importation in the second quarter; and (4) a ₱149 mn gain consequent to a reversal of an accrued expense relating to a power subsidiary's IPPA contract. Accounting for these one-off's, AEV's core earnings for the first nine months of 2011 was at ₱15.5 bn, lower by 6% YoY.

Strategic Business Units

Power

Aboitiz Power Corporation (AboitizPower) ended the period in review with an income contribution of ₱12.4 bn, vis-à-vis last year's ₱14.2 bn. When adjusted for non-recurring items, the Power SBU recorded a 14% YoY reduction in its earnings share, from ₱13.8 bn to ₱11.9 bn.

For the period YTD September 2011, the power generation business contributed earnings of ₱11.7 bn, recording a 16% YoY drop. The decline in the group's 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 10% drop in average selling prices, given the softening of the spot market prices vis-à-vis 2010 levels. The average price of electricity in the Wholesale Electricity Spot Market (WESM) recorded a 48% YoY drop for the period YTD September 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, was relatively flat versus last year's demand. 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 with the group's increased contracted capacity. On the other hand, AboitizPower's net generation for the first nine months of 2011 registered a 2% YoY decline, from 7,340 GWh to 7,175 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 in the WESM.

AboitizPower's 100%-owned Therma Luzon, Inc. (TLI), the IPP Administrator of the Pagbilao coal plant, recorded a margin squeeze for the period in review. Terms of its existing bilateral contracts do not allow TLI to cover for the increase in its fuel cost, which was mainly driven by the unfavorable global supply situation.

For the first nine months 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 by the National Grid Corporation of the Philippines. The combined income contribution of these assets recorded a 152% YoY expansion for the period ending September 2011.

As of end-September 2011, AboitizPower's attributable capacity was at 2,344 MW, posting a 15% YoY increase. The expansion was due to the following: completion of the third unit (82 MW) of the 26%-owned 246-MW Cebu coal-fired power plant in the fourth quarter of 2010, assumption of full ownership of and control over the 70-MW Bakun hydro run-of-river plant in May 2011, acquisition of the 242-MW Navotas power barges in May 2011, and the full completion of the rehabilitation of the Ambuklao hydropower facility in September 2011.

Improved volumes and margin expansions resulted to a 41% YoY increase in the power distribution group's income contribution for the first nine months of 2011, from ₱948 mn to ₱1.3 bn. AboitizPower's attributable electricity sales for the period ending September 30, 2011 grew by 3% YoY, from 2,677 GWh to 2,764 GWh. Growth was mainly a result of the strong showing of the industrial customer segment with a 6% YoY increase in attributable power consumption. The group's gross margin for the period in review improved by 23% YoY to ₱1.41/kWh, which was partly due to the favorable effect of the implementation of the approved distribution tariffs (under the Performance Based Regulation scheme) of some of AboitizPower's distribution utilities. Moreover, Davao Light & Power Company recorded a reduction in operating expenses as operation of its back-up power plant was not required given the improved power supply situation in Mindanao during the period in review.

Financial Services

The Banking SBU's income contribution for the period ending September 30, 2011 recorded a 38% YoY improvement, from ₱1.9 bn to ₱2.7 bn.

Union Bank of the Philippines (UnionBank) ended the period with an earnings contribution of ₱2.3 bn, up by 26% YoY.

Total interest income increased with the expansion of average earning assets notwithstanding the decline in average asset yields. UnionBank's interest earnings on loans and due from other banks recorded YoY expansions of 7% and 18%, respectively. The expansion in the bank's average securities portfolio was countered by lower average yields in these assets, resulting to the 12% YoY decline in interest earnings on trading and investment securities. With the foregoing and on higher impairment losses booked for the period in review, net interest income after impairment losses declined by 5% YoY to ₱4.6 bn.

Non-interest income for the period improved to ₱7.5 bn, up by 68% from last year's ₱4.5 bn, as the bank continued to take profit in its securities position. Higher premium revenues, likewise, contributed to the significant increase in non-interest income resulting from higher sales of its subsidiary's pre-need plans. The corresponding trust fund contributions on these plans, and higher salaries and employee benefits in support of the bank's business expansion, drove operating expenses to increase by 37% YoY.

UnionBank's asset base stood at P252.1 bn as of end-September 2011, with a deposit base of P187.5 bn and a loan book of P100.3 bn. The bank's capital adequacy ratio strengthened to 17.1% as of end-September 2011 from 16.6% year-ago, notwithstanding the exercise of call option on P1.3 bn of unsecured subordinated debt in September 2011.

AEV's non-listed thrift bank, City Savings Bank (CitySavings), contributed earnings of P360 mn during the period, up 227% YoY. Coupled with the increase in AEV's ownership in CitySavings (from 40.6% to 99.3%), the higher earnings contribution could be attributed to the 31% growth in its interest income on loans and service fees. CitySavings ended the period September 30, 2011 with a total loan book of P8.3 bn, up by P1.9 bn, or 30% YoY. Total resources amounted close to P11 bn from the 2010 year-end level of P9 bn. The bank's NPL ratio as of end-September 2011 was below 1% while its NPL coverage ratio was at 187%. Total capital funds amounted to P1.6 bn with a capital adequacy ratio of 19%.

Food

For the first nine months of 2011, income contribution from AEV's Food SBU, Pilmico Foods Corporation (Pilmico), recorded a 24% YoY decline, from P1.2 bn to P937 mn. Topline expansion of 16% was due to volume increases recorded by the feeds and swine operating divisions, coupled with higher average selling prices (ASP) booked by the flour and feeds units. However, higher input costs weighed down the profitability of the flour and swine segments, as income contribution posted YoY declines of 45% and 44%, respectively. It was only the feeds unit that recorded a positive growth rate of 9% YoY, as higher ASP cushioned the rise in raw material costs.

Financial Condition

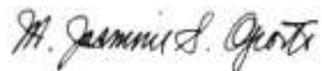
For the period ending September 30, 2011, the Company's consolidated assets amounted to P193.7 bn, up by 11% from year-end 2010 level. Cash and cash equivalents was at P29.5 bn, 13% higher than year-end 2010 level of P26.1 bn. Consolidated liabilities amounted to P105.8 bn, while Equity Attributable to Equity Holders of the Parent increased by 10% to P71.0 bn. Current ratio as of September 30, 2011 was at 3.0x (versus year-end 2010's 2.4x), while net debt-to-equity ratio was at 0.7x (versus year-end 2010'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

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: November 4, 2011