

**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 )

<b>CATHERINE R. ATAY</b>														
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Contact Person

<b>(032) 411-1804</b>									
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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

<b>10,035</b>			
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Total No. of Stockholders

<b>X</b>	
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Domestic

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Foreign

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To be accomplished by SEC Personnel concerned

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File Number

\_\_\_\_\_ LCU

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Document I.D.

\_\_\_\_\_ Cashier

<b>STAMPS</b>														
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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 3, 2012**  
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<br>Outstanding and Amount of Debt Outstanding<br>(as of June 30, 2012) |
|-----------------------------------|---|
| <b>Common Stock P1 Par Value</b>  | <b>5,521,871,821</b>  |
| <b>Amount of Debt Outstanding</b> | <b>P85,854,897,000</b>  |
11. Indicate the item numbers reported herein: 9

**Item 9: Other Events**

Aboitiz Equity Ventures, Inc. (AEV or the Company) ended the second quarter of 2012 with a consolidated net income of close to P6 billion (bn), recording a 6% year-on-year (YOY) increase. Out of the total earnings contributions from the Company's strategic business units (SBU), Power accounted for 84%. Income share of the Banking and Food SBUs were at 11% and 5%, respectively.

For the three-month period in review, the revaluation of consolidated dollar-denominated liabilities and placements resulted to a non-recurring gain of P 339 million (mn), versus last year's P 28 mn. In addition, the Company had to book P 228 mn in non-recurring costs to account for its share in the Power SBU's one-off expenses relating to the (1) steam cost adjustment of its geothermal facilities relating to reimbursement made to its steam supplier for operating expenses and (2) debt prepayment costs incurred at Parent level. Adjusting for these, AEV closed the quarter with a core net income of P 5.8 bn, up 7% YoY.

On a year-to-date (YTD) basis, AEV's consolidated net income rose by 16% YoY to ₱ 11.8 bn from ₱ 10.2 bn. This translates to ₱ 2.14 in earnings per share. Power remained to account for the lion's share at 79%, which was followed by the Banking and Food SBUs with income contributions of 17% and 4%, respectively.

For the period ending June 30, 2012, the Company incurred a non-recurring gain of ₱ 725 mn (versus last year's ₱ 109 mn), which resulted from the revaluation of consolidated dollar-denominated liabilities and placements. The Power SBU booked a non-recurring net loss during the semester as the recorded gains on the redemption of shares made by its associate companies during the first quarter of 2012 were countered by the higher fuel cost booked by its geothermal plants due to reimbursements made to its steam supplier, and the debt prepayment cost incurred at Parent level. AEV's share in the aforementioned one-offs amounted to ₱ 217 mn, which places AEV's core earnings for the first semester of 2012 at ₱ 11.3 bn, higher by 16% YoY.

### **Strategic Business Units – YTD June 2012 Performance**

#### **Power**

Aboitiz Power Corporation (AboitizPower) ended the semester with an income contribution of ₱ 9.4 bn, vis-a-vis last year's ₱ 8.1 bn. When adjusted for non-recurring items, the Power SBU recorded a 17% YoY expansion in its earnings share, from ₱ 7.6 bn to ₱ 8.9 bn.

Higher average selling prices and increased net generation resulted to a 12% YoY hike in the power generation business' earnings contribution for the period in review, from ₱ 7.8 bn to ₱ 8.7 bn.

AboitizPower's average price for its power increased by 7% YoY during the first half of 2012. This was on the back of a 42% YoY surge in average selling prices at the Luzon Grid's Wholesale Electricity Spot Market. Supply of power in Luzon was curtailed given higher outage levels during the period in review. Meanwhile the Luzon Grid recorded a 5% YoY expansion in its recorded peak demand, with the hotter climate as one of the factors pushing up demand level to almost 7,800 MW.

As of semester end, AboitizPower's attributable net generation rose by 10% YoY, from 4,640 GWh to 5,096 GWh, as electricity sold through bilateral contracts expanded by 14% YoY. In terms of capacity, AboitizPower sold, on an attributable basis, 1,532 MW. This was 13% higher than last year's given increased capacity sales through bilateral contracts and ancillary services.

The completion of the rehabilitation of the Ambuklao (all 3 units) and Binga (1 of 4 units) hydropower plants, coupled with the commercial operation of the 4-MW Irisan Greenfield hydropower plant resulted to a marginal increase in AboitizPower's attributable capacity to 2,350 MW as of end-June 2012.

Expansions in volumes and margins resulted to a 39% YoY increase in AboitizPower's distribution group's earnings share for the first semester of 2012, from ₱ 781 mn to ₱ 1.1 bn. Total attributable electricity sales increased by 7% YoY, from 1,814 GWh to 1,949 GWh. Leading the pack was the industrial segment recording a 9% YoY expansion in volume sales, while residential and commercial accounts registered 6% and 4% YoY increases, respectively. Gross margin for the group improved by 18% YoY mainly due to the implementation of the distribution utilities' approved rates under the Performance Based Regulation tariff scheme.

## **Financial Services**

The Banking SBU's income contribution for the first semester of 2012 recorded a 37% YoY improvement, from P 1.4 bn to almost P 2 bn.

Union Bank of the Philippines (UnionBank) ended the semester with an earnings contribution of P 1.8 bn, up by 44% YoY. This was on the back of higher net interest income and hefty trading gains booked during the period.

UnionBank's net interest income for the semester reached P 3.7 bn, 8% higher than P 3.4 bn a year ago. Total interest income declined by 3% YoY to P 5.7 bn due to lower average yields on earning assets and the drop in average levels of due from other banks. Gross interest income on loans and other receivables and investment securities increased to P 3.5 bn and P 2.1 bn, respectively, as the expansion in the average levels of these investments more than offset the decline in its average yields. Total interest expense declined by 18% YoY to P 2 bn due to the drop in average levels of high cost deposits and lower borrowings as the bank exercised the call option on the P 1.3 bn unsecured subordinated loans in September 2011.

As a result of the foregoing coupled with lower impairment losses booked for the period in review, net interest income after impairment losses increased by 17% YoY to P 3.4 bn.

Non-interest income grew by 24% YoY to P 5.6 bn from P 4.5 bn, buoyed by higher trading gains, which recorded a 51% YoY expansion. Meanwhile, operating expenses increased by 10% YoY to P 4.7 bn largely on higher salaries and employee benefits, taxes and licenses and occupancy expenses.

UnionBank's asset base stood at P 242.7 bn as of end-June 2012, with a deposit base of P 168.8 bn and a loan book of P 87.5 bn. The bank's total capital adequacy ratio and Tier 1 ratios were at 18.6% and 15.9%, respectively.

AEV's non-listed thrift bank, City Savings Bank, Inc. (CitySavings), contributed earnings of P 197 mn during the semester, which was lower by 6% YoY. Gross interest income grew by 23% YoY, closing the period at slightly over P 1 bn. This was mainly attributable to the robust growth in the bank's interest income on loans, which expanded by 38% YoY, from P 489 mn to P 674 mn. The bank's ongoing expansion program and the implementation of various initiatives bumped up operating expenses by 31%YoY that largely caused the decline in its profitability. CitySavings ended the semester with a loan book of P 11.7 bn and total resources of close to P 15 bn, higher by 18% and 14% vis-à-vis year-end 2011 levels, respectively. NPL ratio as of end-June 2012 was at 1.7% while the NPL coverage ratio was at 101%. The bank's total capital funds stood at approximately P 2 bn, with a capital adequacy ratio of close to 15%.

## **Food**

The Food SBU, through Pilmico Foods Corporation, recorded a 20% YoY decline in its first semester income contribution in 2012, from P 650 mn to P 522 mn. Margin compression across all businesses was evident. Higher sales volume recorded by the flour and feeds divisions was countered by soft prices and rising input costs for all businesses.

## **Financial Condition**

For the semester ending June 30, 2012, the Company's consolidated assets amounted to P 206 bn, up by 3% from year-end 2011 level. Cash and cash equivalents was at P 30.5 bn, 3% higher than year-end 2011 level of P 29.5 bn. Consolidated liabilities amounted to P 108.8 bn, while Equity Attributable to Equity Holders of the Parent

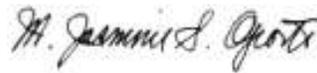
increased by 2% to ₱ 78.8 bn. Current ratio as of June 30, 2012 was at 2.9x (versus year-end 2011's 3.0x), while net debt-to-equity ratio was at 0.6x (versus year-end 2011's 0.6x).

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".

**M. JASMINE S. OPORTO**

Corporate Secretary

Date: August 3, 2012