

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)

3	2	N	D		S	T	R	E	E	T	,	B	O	N	I	F	A	C	I	O		G	L	O	B	A	L		
C	I	T	Y	,	T	A	G	U	I	G		C	I	T	Y	,	M	E	T	R	O		M	A	N	I	L	A	,
P	H	I	L	I	P	P	I	N	E	S																			

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

M. JASMINE S. OPORTO

Contact Person

(02) 793-2729

Company Telephone Number

1	2		3	1
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Month Day

Fiscal Year

Current Report

1	7	-	C	
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FORM TYPE

0	5		2	0
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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

9,731

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

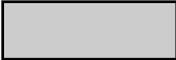
STAMPS

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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 2, 2013**
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. **Philippines** 6. 
Province, country or other jurisdiction of incorporation Industry Classification Code
7. **32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines** **1634**
Address of principal office Postal Code
8. **(02) 793-2800**
Registrant's telephone number, including area code
9. _____
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, 2013) |
|-----------------------------------|---|
| Common Stock P1 Par Value | 5,521,871,821 |
| Amount of Debt Outstanding | P68,132,540,000.00 |
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 2013 with a consolidated net income of P5.1 billion (bn), recording a decrease of 15% year-on-year (YoY). Out of the total earnings contributions from the Company's strategic business units (SBUs), Power accounted for 74% while the income contribution of the Banking, Food and Real Estate SBUs were at 19%, 6% and 1% respectively.

For the three-month period in review, the revaluation of consolidated dollar-denominated liabilities and placements resulted to a non-recurring loss of P1,102 million (mn), versus last year's non-recurring gain of P294 mn. Adjusting for these, AEV closed the quarter with a core net income of P6.2 bn, up 6% YoY.

On a year-to-date (YTD) basis, AEV's consolidated net income rose by 1% YoY to P11.9 bn from P11.8bn. This translates to P2.16 in earnings per share. Power accounted for 67%, followed by the Banking, Food and Real Estate SBUs with income contributions of 26%, 6%, and 1%, respectively.

For the period ending June 30, 2013, the Company incurred a non-recurring gain of ₱217 mn (versus last year's ₱508 mn), which resulted from the revaluation of consolidated dollar-denominated liabilities and placements. In addition, AEV booked gains of ₱1,272 mn from the sale of City Savings Bank, Inc. The pretermination of loans by the Power SBU also resulted in a one-time write-off of the unamortized borrowing costs amounting to ₱71 mn. Adjusting for these one-off's, AEV's core net income amounted to ₱11.7 bn, which is 3.5% higher than last year.

Strategic Business Units

Power

Aboitiz Power Corporation (AboitizPower) ended the semester with an income contribution of ₱7.3 bn, registering a 22% decrease when compared to the previous year's ₱9.4 bn. When adjusted for non-recurring items, the Power SBU recorded a 6% YoY decrease in its earnings share, from ₱8.9 bn to ₱8.4 bn.

The group's average price for its power decreased by 11% YoY during the first half of 2013. This was due to the YoY decline in both the average selling price of electricity sold to the spot market and average selling price under bilateral contracts of 19% and 10%, respectively.

On the other hand, AboitizPower's attributable net generation for the semester grew by 5% YoY, from 5,096 GWh to 5,360 GWh for the period in review due to the increase in demand brought about by the hotter weather during the summer months. Power sales through bilateral contracts decreased by 3% YoY to 4,365 GWh. The decline has been partly due to the conversion of a number of the Company's expiring power supply agreements from energy-based contracts to capacity-based type contracts. Meanwhile, spot market sales improved by 69% YoY from 589 GWh to 996 GWh. On a capacity basis, the Company's attributable sales decreased by 6% YoY from 1,560 MW to 1,465 MW as a result of lower sales for ancillary services. Ancillary volumes dropped by 63% during the period due to the lower acceptance rate by the NGCP. This more than offset the impact of the 74% increase in capacity sales made by the Company through bilateral contracts.

Meanwhile, expansions in volumes and margins resulted to a 15% YoY growth in the power distribution group's earnings share for the first semester of 2013, from ₱1.4 bn to ₱1.6 bn. Total attributable electricity sales increased by 2% YoY, from 1,949 GWh to 1,997 GWh. The residential segment spearheaded the growth in sales with a 6% YoY expansion in volume sales, while commercial and industrial accounts registered 4% and 0.6% YoY increases, respectively. The group's year-to-date gross margin on a per kWh basis slightly improved to ₱1.71. Adding to the group's gross margin was the continued improvement in systems loss levels of both Visayan Electric Company, Inc. and Cotabato Light and Power Company, which registered reductions of 1.1 and 3.1 percentage points, respectively. The latest reduction puts both distribution utilities within the regulator-imposed cap on systems loss levels of 8.5%. Approved adjustments under PBR also helped support the increase in gross margins.

Banking

The Banking SBU's income contribution recorded a 42% growth YoY, from almost ₱2.0 bn to ₱2.8 bn. This was driven by increases in both net interest income and other income.

Net interest income climbed by 11% to ₱4.1 bn primarily due to the year-on-year expansion in the average level of earning assets. Total other income surged by 56% to ₱8.7 bn largely on account of higher trading gains and substantial improvement in fee-based income, which breached the ₱1.0 bn mark. Premium revenue, on the other hand, declined to ₱1.0 bn on lower sales of First Union Plan's Inc. pre-need plans.

Total operating expenses rose by 23% to ₱5.7 bn mainly on increases in salaries and employee benefits, and taxes and licenses. Trust fund contribution slid to ₱0.9 billion with the decline in premium revenue.

Union Bank of the Philippines' resources expanded by 22% to P340.8 bn as of end-June 2013, propelled by the 37% growth in total deposits to P259.5 bn. Loans and other receivables amounted to P99.7 bn from P119.7 bn, due principally on lower level of securities purchased under reverse repurchase agreements. Capital ratios remained strong, providing adequate headroom to support growth, with Tier 1 ratio and total capital adequacy ratio at 16.7% and 19.5%, respectively.

Food

AEV's Food unit, Pilmico Foods Corporation, recorded a 21% YoY increase in its first semester income contribution in 2013, from P522.2 mn to P630.7 mn. The movement was primarily due to the strong performance of the Farms division which registered a net income of P114.6 mn versus last year's net loss of close to P7.0 mn as a result of the improved average selling price of market hogs for the period in review. Meanwhile, the Flour division posted weaker performance during the second quarter as a result of softer prices, registering a decline of 6% in its income contribution to P229.9 mn. On the other hand, the Feeds division posted a 1% increase in its income contribution to P285.9 mn as higher input costs continued to be a challenge.

Real Estate

In November 2012, AEV acquired Aboitiz Land, Inc. (AboitizLand), thereby making it the real estate arm of AEV. AboitizLand posted a consolidated net income contribution of P111.1 mn during the first half of 2013. Total revenues amounted to P612.5 mn, 68% of which came from the residential segment. Meanwhile, the industrial segment posted P179.2 mn in revenues, equivalent to 29% of total revenues for the first half of 2013. The remaining amount of P17.7 mn came from the commercial and property management business segments. The Company plans to spend P1.0 bn over the year for the construction of various projects, namely, Priveya Hills Phase 1, which it launched early in 2012, the Persimmon Studios and Ajoya.

Financial Condition

As of June 30, 2013, the Company's consolidated assets amounted to P193.9 bn, 13% lower than the year-end 2012 level. Cash and cash equivalents was at P15.7 bn, 54% lower than the year-end 2012 level of P33.7 bn. Consolidated liabilities amounted to P83.4 bn while Equity Attributable to Equity Holders of the Parent decreased by 2% to around P89.5 bn. Current ratio as of June 30, 2013 was at 2.2x (versus year-end 2012's 2.6x), while net debt-to-equity ratio was at 0.5x (versus year-end 2012's 0.5x).

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:



M. JASMINE S. OPORTO

Corporate Secretary

Date: August 2, 2013