

May 12, 2017

SECURITIES AND EXCHANGE COMMISSION

Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

ATTENTION : **DIR. VICENTE GRACIANO P. FELIZMENIO, JR.**
Director, Markets and Securities Regulation Department

via PSE EDGE

PHILIPPINE STOCK EXCHANGE, INC.

3rd Floor, Philippine Stock Exchange Plaza
Ayala Triangle, Ayala Avenue
Makati City

ATTENTION : **MR. JOSE VALERIANO B. ZUÑO III**
OIC – Head, Disclosure Department

via electronic mail

PHILIPPINE DEALING & EXCHANGE CORP.

Market Regulatory Services Group
37/F Tower 1, The Enterprise Center
6766 Ayala Avenue corner Paseo de Roxas
Makati City

ATTENTION : **MS. VINA VANESSA S. SALONGA**
Head – Issuer Compliance and Disclosures Department

Gentlemen:

Please see enclosed SEC Form 17-Q (1st Quarterly Report 2017) of Aboitiz Equity Ventures, Inc.

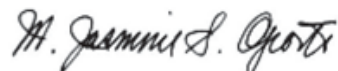
Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ EQUITY VENTURES, INC.

By:



M. JASMINE S. OPORTO
Corporate Secretary

COVER SHEET

C E O 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)

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) 886-2729

Company Telephone Number

1 2 3 1

Month Day

Fiscal Year

1 7 - Q

FORM TYPE

3rd Monday of May

0 5 1 5

Month Day

Annual Meeting

N/A

Secondary License Type, if Applicable

SEC

Dept. Requiring this Doc

N/A

Amended Articles Number/Section

Total No. of Stockholders

x

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

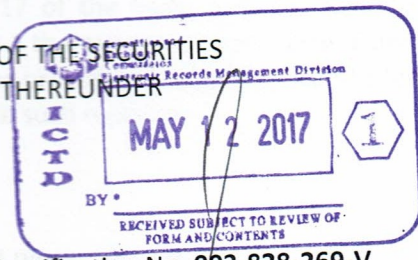
STAMPS

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SECURITIES & EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER



1. For the quarterly period ended March 31, 2017
2. Commission identification number CEO2536 3. BIR Tax Identification No. 003-828-269-V
4. Exact name of issuer as specified in its charter

ABOITIZ EQUITY VENTURES, INC.

5. Province, country or other jurisdiction of incorporation or organization

Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office

Postal Code

32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines

1634

8. Issuer's telephone number, including area code

(02) 886-2800

9. Former name, former address and former fiscal year, if changed since last report

N/A

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock
Outstanding and Amount of Debt Outstanding

Common Stock P1 Par Value

5,633,792,557

Amount of Debt Outstanding (March 31, 2017)

P259,135,524,000.00

11. Are any or all of the securities listed on a Stock Exchange?

Yes [] No []

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange

Common

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes No

- (b) has been subject to such filing requirements for the past ninety (90) days.

Yes No

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the financial statements and schedules attached herewith.

Item 2. Management's Discussion and Analysis or Plan of Action of Financial Condition and Results of Operations

The following discussion and analysis of the financial condition and results of operations of Aboitiz Equity Ventures, Inc. ("AEV" or the "Company" or the "Parent Company") and its subsidiaries should be read in conjunction with the unaudited condensed consolidated financial statements and accompanying disclosures set forth elsewhere in this report.

TOP FIVE KEY PERFORMANCE INDICATORS

Management uses the following indicators to evaluate the performance of the Company and its subsidiaries (the Company and its subsidiaries are hereinafter referred to as the "Group"):

1. EQUITY IN NET EARNINGS OF INVESTEEES

Equity in net earnings (losses) of investees represents the Group's share in the undistributed earnings or losses of its associates and joint ventures for each reporting period subsequent to acquisition of said investment. This account reflects the result of the operating performance of an associate or a joint venture and indicates its contribution to the Group's consolidated net income.

Manner of Computation: Investee's Net Income (Loss) x Investor's % ownership - Goodwill Impairment Cost

2. EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)

The Company computes EBITDA as earnings before extra-ordinary items, net finance expense, income tax provision, depreciation and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the Group's ability to service its debts and to finance its capital expenditure and working capital requirements.

3. CASH FLOW GENERATED

Using the Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the Group manages its profit and uses its internal and external sources of capital. This aids management in identifying the impact on cash flow when the Group's activities are in a state of growth or decline, and in evaluating management's efforts to control the impact.

4. CURRENT RATIO

Current ratio is a measurement of liquidity, calculated by dividing total current assets by total current liabilities. It is an indicator of the Group's short-term debt paying ability. The higher the ratio, the more liquid the Group.

5. DEBT-TO-EQUITY RATIO

Debt-to-Equity ratio gives an indication of how leveraged the Group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total debt by stockholders' equity.

KEY PERFORMANCE INDICATORS (KPI)

(Amounts in thousands except financial ratio data)

	JAN-MAR 2017	JAN-MAR 2016
EQUITY IN NET EARNINGS OF INVESTEEES	2,520,098	2,001,040
EBITDA	12,747,956	11,165,720
CASH FLOW GENERATED:		
Net cash flows from operating activities	6,862,218	9,726,679
Net cash flows used in investing activities	(2,026,092)	(6,286,397)
Net cash flows from (used in) financing activities	(1,711,736)	15,781,435
Net Increase in Cash & Cash Equivalents	3,124,390	19,221,717
Cash & Cash Equivalents, Beginning	63,857,528	63,581,884
Cash & Cash Equivalents, End	66,967,576	82,735,743
	MAR. 31, 2016	DEC. 31, 2016
CURRENT RATIO	2.08	2.51
DEBT-TO-EQUITY RATIO	1.74	1.68

All the KPI values were within management's expectation during the period in review.

Management teams of the different businesses continued to effectively handle their respective operations and financial requirements. As a result, profitability had been sustained and financial position remained strong and liquid.

Associates continued to generate substantial earnings and enhance the consolidated bottomline with the 26% rise in their income contribution to the Group. Consolidated EBITDA, which increased by 14%, translated into additional cash inflows coming from subsidiaries' operations and from dividend payments of associates. The internally-generated funds were then used to partially finance capital expenditures and settle maturing financial obligations.

With the accrual of dividends payable and the higher borrowings at the end of March 2017, debt-to-equity ratio edged up to 1.74x (versus end-2016's 1.68x). Meanwhile, current ratio stood at 2.08x (versus end-2016's 2.51x) as increase in current liabilities outpaced the increase in current assets.

REVIEW OF JAN-MAR 2017 OPERATIONS VERSUS JAN-MAR 2016

RESULTS OF OPERATIONS

For the period ended March 2017, AEV and its subsidiaries posted a consolidated net income of ₱4.67 billion, a 7% YoY decrease. This translates to an earnings per share of ₱0.83 for the period in review. In terms of income contribution, Power Group still accounted for the bulk at 67%, followed by the Banking and Financial Services, Food, Infrastructure and Real Estate Groups at 22%, 6%, 4% and 1%, respectively.

The Group generated a non-recurring net loss of ₱442 million (versus ₱186 million gain in 1Q2016) mainly from the Power Group's revaluation of dollar-denominated liabilities and recording of mark-to-market (MTM) losses on derivatives. Stripping out these one-off items, the Group's core net income for the period amounted to ₱5.12 billion, up 5% YoY.

BUSINESS SEGMENTS

The individual performance of the major business segments for the period in review is discussed as follows:

Power

Aboitiz Power Corporation (AP) ended the period with an income contribution of ₱3.36 billion, a 13% decrease from last year's ₱3.86 billion. Netting out foreign exchange (forex) and MTM differential, AP's contribution to core net income grew by 4% from ₱3.67 billion in 1Q16 to ₱3.80 billion.

Power Generation Group's bottomline contribution to AEV decreased by 15% to ₱2.74 billion from ₱3.22 billion last year, mainly due to higher forex and MTM losses. Without these non-recurring items, its core net income contribution increased by 5% YoY to ₱3.18 billion. This improvement was substantially attributed to the strong performance of the hydro units and the fresh income contributed by GNPowder Mariveles Coal Plant Ltd. Co. (GMCP), which was acquired in December 2016.

Generation group's attributable energy sold for the period in review remained flat YoY, from 3,451 gigawatt hours (GWh) to 3,448 GWh, as the new contribution of GMCP and the increase in the hydro plants' output were offset by the outages of Therma South, Inc. (TSI), lower dispatch of the oil units, and lower steam supply affecting the Tiwi geothermal plant output as it continued to recover from the effects of typhoon Nina.

On the other hand, power distribution group's earnings contribution to AEV increased by 7% from ₱654 million to ₱698 million. Attributable electricity sales at 1,208 GWh remained flat compared to the same period last year. Gross margin per kWh for the period increased to ₱1.59 from ₱1.46 in

1Q2016. The increase mostly came from improved margins as operating costs decreased due to lower dispatch of Davao Light's Bajada Power Plant versus the same period last year. The lag in billing lower priced power purchased during the current period further improved margins.

Banking & Financial Services

Income contribution from this industry group grew 31%, from ₱833 million to ₱1.09 billion for the period in review.

Union Bank of the Philippines' (UnionBank) income contribution rose 30% from ₱837 million to ₱1.09 billion mainly due to sustained growth in net interest income and fees posted during the period, coupled with trading profits. Net interest income was up by 11% to ₱3.9 billion as UnionBank continued the build-up of its earning asset portfolio. Fee income likewise increased by 18% to ₱1.1 billion attributed to the increasing customer base in both loans and deposits.

PETNET, Inc.'s (PETNET) income contribution likewise increased by 207% to ₱4.4 million.

Food

Income contribution from Pilmico Foods Corporation (PILMICO) and its subsidiaries decreased by 25% to ₱292 million from ₱389 million in the previous year. Feeds Philippines and Flour reported a decrease in income contributions, while Feeds Vietnam and Farms both showed an increase. The decline in net earnings of Feeds Philippines and Flour was largely due to lower selling prices and higher raw material and operating costs. On the other hand, Feeds Vietnam reported an increase in bottomline due to better margins and volume growth resulting from expansion in new markets. For Farms, the recovery in live hog resulted in improved profits.

Real Estate

Income contribution of Aboitiz Land, Inc. (AboitizLand) amounted to ₱72 million, up 46% from ₱50 million in the same period last year. This growth was mainly attributed to higher revenue recognition by the industrial business unit, and improved sales and construction progress by the residential business unit.

Infrastructure

Republic Cement and Building Materials, Inc. posted a combined income contribution of ₱202 million for 1Q2017, down 48% from previous year's ₱391 million. Cement demand slowed down in 1Q2017 compared to the same period in 2016 when demand picked up due to the election season.

MATERIAL CHANGES IN LINE ITEMS OF REGISTRANT'S STATEMENTS OF INCOME AND OF COMPREHENSIVE INCOME

For the period ended March 31, 2017, consolidated net income allocable to the equity holders of AEV registered a 7% YoY decrease, reaching ₱4.67 billion from ₱5.05 billion posted in the previous year.

Operating profit for the current period amounted to ₱7.69 billion, a 10% increase YoY, as the ₱6.09 billion increase in revenues surpassed the ₱5.40 billion rise in costs and expenses. This increase was mainly attributed to the performance of the Power Group.

Power subsidiaries reported a 12% YoY increase in operating profit from ₱6.46 billion to ₱7.26 billion mainly due to the fresh EBIT contribution from GMCP.

Share in net earnings of associates rose by 26% YoY (₱2.52 billion vs ₱2.00 billion in 1Q2016) largely due to the growth in net income of UBP resulting from higher net interest income and substantial gains from sale of securities. SN AboitizPower-Magat, Inc. and SN AboitizPower-Benguet, Inc.'s higher volume sold and ancillary revenue resulting from better hydrology likewise contributed to the increase.

The growth in net interest expense and other charges more than offset the increase in operating profit and equity earnings, and as a result, pulled down the Group's overall profitability. Net interest expense increased by ₱648 million YoY resulting from the consolidation of GMCP debt in December 2016, and the full 1Q2017 interest expense of new and additional debts availed after March 2016.

Other charges reached ₱124 million from ₱925 million other income in 1Q2016. This was mainly due to Power Group's unrealized forex losses on dollar-denominated debt and MTM losses on derivatives, versus last year's unrealized forex gains and TSI's collection of insurance proceeds from settlement of liquidated damages.

Net income attributable to non-controlling interests decreased to ₱1.42 billion from ₱1.50 billion in 1Q2016, substantially due to the decrease in AP's net income, 23% of which belongs to minority shareholders.

AEV's consolidated comprehensive income attributable to equity holders correspondingly decreased by 19% from ₱8.08 billion in 1Q2016 to ₱6.51 billion in 1Q2017. The 7% decrease in consolidated net income, combined with the 40% drop in AEV's share of an associate's unrealized mark-to-market gains on its available-for-sale (AFS) investments, accounted for this decline.

CHANGES IN REGISTRANT'S RESOURCES, LIABILITIES AND SHAREHOLDERS' EQUITY

Assets

Compared to year-end 2016 level, consolidated assets increased 2% to ₱474.51 billion as of March 31, 2017, due to the following:

- a. Cash & Cash Equivalents increased by 5% (₱66.97 billion vs ₱63.86 billion as of December 31, 2016) as the funds generated from operations and short-term loan availment exceeded the funds used in capital expenditures and repayment of maturing obligations.
- b. Inventories increased by 9% (₱11.12 billion vs ₱10.22 billion as of December 31, 2016) mainly due to the increase in raw materials inventory of the Food Group and Power Group's coal inventory.
- c. Other Current Assets increased by 21% (₱11.55 billion vs ₱9.58 billion as of December 31, 2016) substantially due to the build-up of VAT input from ongoing plant constructions, higher prepaid taxes, insurance and other expenses, and increase in TSI's restricted cash.
- d. Gross of depreciation expense, the resulting ₱4.7 billion combined growth in Property Plant and Equipment (PPE), Investment Properties (IP), and Land and Improvements (LI) was mainly due to the following: 1.) ₱3.67 billion on-going construction of AP's power plants; and 2.) ₱1.03 billion various capex of Power and Food Groups.

- e. Investments in and Advances to Associates increased by 3% (₱89.77 billion vs ₱86.95 billion as of December 31, 2016) mainly due to the ₱244 million capital infusion into Redondo Peninsula Energy, Inc. (RP Energy) by AP, recording of ₱2.52 billion share in net earnings of associates, and ₱1.86 billion share of a banking associate's mark-to-market gains on its AFS investments during the current period. This increase was partially reduced by the ₱1.76 billion cash dividends received from associates.
- f. Deferred Income Tax Assets increased by 5% (₱2.31 billion vs ₱2.21 billion as of December 31, 2016) mainly due to the corresponding deferred tax benefits recognized on the unrealized foreign exchange losses recorded during the current period.

The above increases were tempered by the following decreases:

- a. Trade and other receivables, inclusive of noncurrent portion, decreased by 5% (₱20.81 billion vs ₱22.01 billion as of December 31, 2016) mainly due to higher collection at the AP level.
- b. Derivative Assets, net of derivative liabilities (current and non-current) decreased by 13% (₱703 million vs ₱805 million as of December 31, 2016) mainly due to unrealized mark-to-market losses recognized on outstanding derivatives during the current period.

Liabilities

Consolidated short-term bank loans increased by 58% (₱13.05 billion vs ₱8.26 billion as of December 31, 2016) mainly due to availments made by Food Group, AboitizLand and PETNET to fund working capital requirements. On the other hand, long-term debt decreased by 0.6% (₱246.33 billion vs ₱247.81 billion as of December 31, 2016) substantially due to the ₱3.03 billion settlement of maturing loans and finance lease amortization. This was partly offset by ₱600 million additional loan availment by Pagbilao Energy Corporation and ₱950 million non-cash movement from forex differential and deferred financing costs.

Trade and other payables, inclusive of noncurrent portion, decreased by 8%, from ₱22.79 billion to ₱20.94 billion, mainly due to higher settlement of payables by the Power Group.

Income tax payable increased by 140% from ₱685 million to ₱1.64 billion due to recording of additional income tax liability of Power Group during the current period.

Dividends payable of ₱7.49 billion was recorded during the current period (vs nil in December 2016) to accrue the cash dividends declared on March 7, 2017.

Customers deposits increased by 7%, from ₱7.04 billion to ₱7.57 billion mainly due to the growth in the customer base of power distribution subsidiaries and additional deposits from retail electricity supply (RES) customers.

Pension liability, net of pension asset, increased by 13%, from ₱232 million to ₱262 million, mainly due to accrual of retirement expense during the current period.

Equity

Equity attributable to equity holders of the parent decreased by 0.7% from year-end 2016 level of ₱140.28 billion to ₱139.29 billion mainly due to the ₱2.82 billion decrease in Retained Earnings resulting from the ₱4.67 billion net income recorded during the period, reduced by ₱7.49 billion

dividends declared. This was partly offset by the ₱1.86 billion share in UBP's unrealized mark-to-market gains recognized on its AFS investments.

MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

For the period ended March 2017, the Group continued to support its liquidity mainly from cash generated from operations, additional loans availed and dividends received from associates.

Compared to the cash inflow in 2016, consolidated cash generated from operating activities in 1Q2017 decreased by ₱2.86 billion to ₱6.86 billion as the growth in earnings before interest, depreciation and amortization (EBIDA) recorded by subsidiaries during the current period was reduced by the decrease in or settlement of trade payables. In the same period last year, the rise in EBIDA was complemented by the higher level of trade payables.

The current period ended up with ₱2.03 billion net cash used in investing activities versus ₱6.29 billion last year. This was mainly due to lower funds spent on the ongoing plant constructions and higher dividends collected from associates.

Net cash used in financing activities was ₱1.71 billion versus ₱15.78 billion generated in 1Q2016. This was largely attributed to loan repayments made during the current period versus loan availments in the same period last year.

For the period in review, net cash inflows surpassed cash outflows, resulting in a 5% increase in cash and cash equivalents from ₱63.86 billion as of year-end 2016 to ₱66.97 billion as of March 31, 2017.

FINANCIAL RATIOS

Backed by strong operating cash inflows, liquidity was adequately preserved. Current ratio stood at 2.08x from 2.51x at the start of the year, since current liabilities grew stronger than current assets. Debt-to-equity ratio climbed to 1.74:1 (versus year-end 2016's 1.68:1). This was mainly due to the growth in total liabilities coupled with a slight decrease in equity.

OUTLOOK FOR THE UPCOMING YEAR/KNOWN TRENDS, EVENTS, UNCERTAINTIES WHICH MAY HAVE MATERIAL IMPACT ON REGISTRANT

With the Philippine gross domestic product (GDP) projected to further expand by 7% in 2017, Aboitiz Equity Ventures, Inc. (AEV) and its Business Units' will continue to sustain growth over the long-term. High hopes on promising growth prospects for the year led AEV to allocate ₱77 billion in capital expenditure (capex) in 2017, the bulk of which will be used for its power expansion projects.

Power

Aboitiz Power Corporation (AboitizPower) is well-positioned to take advantage of opportunities arising from developments in the power industry. Its sound financial condition will give it the agility to create or acquire additional generating capacity over the next few years.

I. Generation Business

1. Expiration of Income Tax Holiday

Several of the AboitizPower's plants are eligible for an Income Tax Holiday (ITH). Upon the expiration of the ITH, the respective plants will now be assessed a corporate income tax in accordance with the relevant laws.

SN Aboitiz Power-Benguet, Inc.'s (SN Aboitiz Power-Benguet) Ambuklao Plant obtained an ITH extension on February 26, 2013, which is valid until June 30, 2018.

2. Increase in Attributable Generating Capacity

Notwithstanding the challenges over the short-term, AboitizPower has built the necessary foundation to sustain its growth trajectory over the long term. In line with its robust growth target of building 4,000 megawatt (MW) by 2020, AboitizPower will expand its portfolio of generation assets by implementing the following projects.

Greenfield and Brownfield Developments.

AboitizPower, together with its subsidiaries and associates, is in various stages of construction of its greenfield and brownfield projects.

420-MW Pulverized Coal-Fired Expansion Unit 3 in Pagbilao, Quezon. This project is undertaken by Pagbilao Energy Corporation, a partnership between AboitizPower subsidiary, Therma Power, Inc. (TPI), and TeaM (Philippines) Energy Corporation (TEPEC). Last April 25, 2014, the Engineering, Procurement and Construction (EPC) contract was awarded to a contractor consortium comprised of Mitsubishi Hitachi Power Systems Ltd., Daelim Industrial Co, Ltd., DESCO, Inc. and Daelim Philippines, Inc. The plant construction commenced last September 2014 and the target commercial operation is planned for year-end 2017.

340-MW Circulating Fluidized Bed (CFB) Coal-Fired Project in Toledo City, Cebu. This project is undertaken by Therma Visayas, Inc. (TVI), a partnership between AboitizPower and the Garcia Group, through Vivant Integrated Generation Corporation (VIGC) and Vivant Energy Corporation (VEC). The project involves the construction of a 2 x 170-MW coal-fired power plant. The EPC contract was awarded to Hyundai Engineering Co. Ltd. (HEC). The Notice to Proceed for all EPC activities was issued on March 18, 2015. Targeted commercial operation is first quarter of 2018.

68.8-MW Manolo Fortich Hydropower Plant in Bukidnon. This project is composed of the 43.4-MW Manolo Fortich Hydro 1 and the 25.4-MW Manolo Fortich Hydro 2 plants which shall be located in the Province of Bukidnon. Both plants are expected to produce at least 350 gigawatt hours (GWh) annually. The construction of the Manolo Fortich Project began in 2015 with a total project cost is estimated at ₱13 billion and is expected to be completed by the third quarter of 2017.

8.8MW Biomass Plant in Lian, Batangas. This project is undertaken by Aseagas Corporation (Aseagas) and involves the construction of an initial biomass plant with a capacity of 8.8 MW. The construction commenced last March 18, 2014 and expected to be completed in 2017. Aseagas has already amended the Biomass Renewable Energy Operating Contract (BREOC) with the Department of Energy (DOE). The DOE endorsement, which is one of the requirements for a point to point application with the National Grid Corporation of the Philippines (NGCP) to secure certificate for Feed-in-Tariff (FIT) eligibility, has since been secured. At the moment, the FIT rate is expected to be at ₱6.63/kWh.

8.5-MW Maris Canal Hydropower Plant Project in Ramon Isabela. This project is undertaken by SN Aboitiz Power-Magat and involves the construction of an 8.5 MW run-of-river hydropower plant. The project, which broke ground in late 2015, is targeted to be completed by late-2017. As of February 2017, the project is already 66% completed.

Other Greenfield and Brownfield Developments.

668-MW Supercritical Coal-Fired GN Power Dinginin Unit 1 in Bataan. This project is a joint venture of AC Energy Holdings, Inc., TPI and Power Partners Company, Ltd. The GNPower Dinginin Plant will initially consist of a 1 x 668 MW supercritical coal-fired power plant (with a one-time expansion option for an additional 1 x 668 MW supercritical unit). Unit 1 is currently under construction and estimated completion is in 2019.

660-MW CFB Coal-Fired Power Plant in Subic. This project is undertaken by Redondo Peninsula Energy, Inc., a joint venture among Meralco PowerGen Corporation, TPI and Taiwan Cogeneration International Corporation. The project involves the construction and operation of a 2 x 300 MW (net) CFB coal-fired power plant. Full implementation of the project is ongoing with expected commercial operation of the power plant starting 2020.

390-MW Alimit Hydropower Complex in Ifugao. This project is undertaken by SN Aboitiz Power-Ifugao, Inc. and involves the construction of the 120-MW Alimit hydropower plant, 250-MW Alimit pumped storage facility, and the 20-MW Olilicon hydropower plant. The company remains committed in securing the necessary permits to develop the proposed 390-MW hydro complex project in Ifugao. Foremost here is the Free Prior and Informed Consent from the indigenous peoples. This consent is an important component of the feasibility review for the project.

Other Hydro in the Philippines. Aside from the hydro projects above, the Hedcor group continually explores hydropower potentials located in Luzon and Mindanao. Based on exploration, group sees the potential of building plants with capacities ranging from 20 MW to 70 MW. When the projects pass the evaluation stage and once permits are secured, the construction period for the hydropower plant facilities will commence.

Hydro in Indonesia. AboitizPower entered into an agreement with SN Power AS and PT Energi Infranasantara to participate in the feasibility studies for the exploration and development of a potential 127 MW hydropower generation project along the Lariang River in Central Sulawesi, Indonesia. The project company, PT Auriga Energi, was awarded the basic license to develop the project. It is and is currently conducting pre-feasibility studies.

Solar in the Philippines. AboitizPower is continuously looking for opportunities in the solar space.

3. Participation in the Government's Privatization Program for its Power Assets

AboitizPower continues to closely evaluate the investment viability of the remaining power generation assets that the Power Sector Assets and Liabilities Management (PSALM) Corporation intends to auction off.

AboitizPower is also keen on participating in PSALM's public auction for the Independent Power Producer Administrator (IPPA) contracts, which involves the transfer of the

management and control of total energy output of power plants under contract with National Power Corporation (NPC) to the IPP administrators.

4. Naga Power Plant

Senator Sergio Osmeña filed a petition for Certiorari with the Supreme Court to nullify the right to top granted by PSALM to SPC Power Corporation (SPC) in respect of the 153.1 MW Naga Power Plant Complex bidding and to enjoin the award on the grounds that SPC's right to top is against public policy.

On February 14, 2017, AboitizPower was informed by Therma Power Visayas, Inc. that it received the Entry of Judgment dated January 9, 2017 issued by the Supreme Court. SPC has a pending Motion for Leave to File and Admit Motion for Reconsideration dated December 9, 2016 with the Supreme Court.

II. Distribution Business

AboitizPower remains optimistic that it will realize modest growth on its existing distribution utilities. It continually seeks efficiency and improvements in its operations to maintain healthy margins.

Performance-Based Rate-setting regulation (PBR) replaced the Return on Rate Base (RORB) mechanism which has historically determined the distribution charges paid by customers. Under PBR, distribution utilities can collect from customers over a four-year regulatory period.

The Energy Regulatory Commission (ERC) has implemented a Performance Incentive Scheme whereby annual rate adjustments, under PBR, are made. The annual rate adjustments take into consideration the ability of a distribution utility to meet or exceed service performance targets set by the ERC, such as: (i) the average duration of power outages; (ii) the average time of restoration to customers; and (iii) the average time to respond to customer calls. The utilities are either rewarded or penalized, depending on their ability to meet these performance targets.

In April 2016, the ERC posted on its website the following documents: (1) "Draft Rules for Setting Distribution Wheeling Rates or "RDWR" for Privately Owned Distribution Utilities Operating under Performance Based Regulation, First Entry Group, Fourth Regulatory Period"; (2) "Draft Position Paper: Regulatory Reset for the July 1, 2015 to June 30, 2019, Fourth Regulatory Period for the First Entry Group of Privately-Owned Distribution Utilities Subject to Performance Based Regulation"; and (3) "Draft Commission Resolution on the Issues on the Implementation of PBR for Privately Owned DUs under the RDWR". Comments on the said draft documents were submitted to the ERC on May 13, 2016.

Through ERC Resolution No. 25 Series of 2016 dated July 12, 2016, the ERC adopted the Resolution Modifying the Rules for Setting Distribution Wheeling Rates (RDWR) for Privately Owned Distribution Utilities Entering Performance Based Regulation (PBR). Based on said Resolution, the Fourth Regulatory Period shall be as follows:

- (a) Cotabato Light & Power Company: April 1, 2017 to March 31, 2021
- (b) Davao Light & Power Company, Inc. and Visayan Electric Company, Inc.: July 1, 2018 to June 30, 2022
- (c) Subic Enerzone Corporation & San Fernando Electric Light & Power Co., Inc.: October 1, 2019 to September 30, 2023

On November 21, 2016, the ERC posted the draft “Regulatory Asset Base (RAB) Roll Forward Handbook for Privately Owned Electricity Distribution Utilities” for comments. Public consultations were conducted on January 6 and 9, 2017 in Cebu and Manila respectively.

There was a Petition filed by Matuwid na Singil sa Kuryente Consumer Alliance, Inc. (MSK) wherein it proposed a modified RORB methodology or even a modified PBR methodology, in which the distribution utilities’ capital expenditures and rate recovery thereon are approved in advance but the charges to the customers will only start after the investments have actually been made and validated by ERC auditors. Public consultations were set by the ERC on March 17 and April 10 in its main office, and on March 22 and 24 in its field offices in Cebu and Davao, respectively.

III. Market and Industry Developments

1. Retail Competition and Open Access (Open Access)

The implementation of Open Access starting June 26, 2013 enabled AboitizPower to increase its contracted capacity through the delivery of power to affiliate and non-affiliate RES companies. AboitizPower has two wholly owned subsidiaries, Aboitiz Energy Solutions, Inc. and AdventEnergy, Inc., which are licensed RES.

In 2015, the Department of Energy (DOE) released Circular No. 2015-06-0010 with the following pertinent provisions:

- (a) All Contestable Customers (CCs) with an average demand of 1 MW and above, which are currently being served by their franchised DUs, are mandated to secure their respective Retail Supply Contracts (RSCs) no later than June 25, 2016 with any licensed RES. After which, the CC and its counterparty shall submit to the DOE and ERC their signed RSC for assessment, monitoring, policy and rule-making purposes.
- (b) All CCs with an average demand ranging from 750 kW and 999 kW for the preceding 12-month period are mandated to secure their RSCs with a RES no later than June 25, 2016. Effective June 26, 2016, Aggregators shall be allowed to compete with RES, generation company, and prospective generation company.
- (c) Lowering Contestability Threshold Below 750 kW. All electricity end-users with an average demand ranging from 501 kW to below 750 kW for the preceding 12 months may be allowed to choose their respective RES effective June 26, 2018.

The lowering of the contestability threshold will open a new market, hence, an opportunity to expand and diversify AboitizPower’s customer base.

In 2016, the ERC promulgated Resolution No. 5 Series of 2016 entitled “A Resolution Adopting the 2016 Rules Governing the Issuance of Licenses to Retail Electricity Suppliers (RES) and Prescribing the Requirements and Conditions Therefor”, with the following pertinent provisions:

- (a) Generation Company or affiliate, DU affiliate (with restrictions on market share and conduct of business activity), Retail Aggregators and IPPAs are allowed entities to become RES;

- (b) There is a stipulation that ERC will not be precluded from imposing additional restrictions on the current issuance, separate guidelines issued or any future issuance;
- (c) Resolution No. 22 shall continue to have full force and effect except as insofar that it is inconsistent with Resolution No. 5, Series of 2016;
- (d) Resolution No. 5, Series of 2016 enumerates the qualifications for becoming a RES, including financial standards, B2B system, ability and knowledge, and treatment of cash deposits;
- (e) It also enumerates the obligations of RES entities, including reportorial requirements, website, unbundling, compliance with qualifications stated above and other pertinent rules, laws, and compliance with limitation requirements;
- (f) It also contains the process of obtaining a RES license, including the fee, and other reportorial requirements by ERC.

ERC further issued Resolution No. 10, Series of 2016 is entitled “A Resolution Adopting the Revised Rules for Contestability”. It generally discusses the mandatory contestability dates, further limitations on contract terms and other provisions found in DC2015-06-0010. Among the pertinent provisions of this Resolution are the following:

- (a) Setting of Threshold Reduction Date for end-user with at least 750kW demand on June 26, 2016;
- (b) Lowering of threshold to 500kW and start of retail aggregation on June 26, 2018;
- (c) Start of the mandatory contestability for end-users:
 - (i) with at least 1MW average monthly peak demand on December 26, 2016;
 - (ii) with at least 750kW average monthly peak demand on June 26, 2017;
- (d) Issuance of provisional RES license for Prospective Generation Companies, with guidelines;
- (e) Options for Distribution Utilities with Displaced Contract Capacities with Generators due to migration of Contestable Customers as follows:
 - Renegotiate contracts
 - Auction off contracted capacities
 - Declare in the Wholesale Electricity Spot Market (WESM) as capacities for sale;
- (f) Eligibility of end-users to be part of the contestable market;
- (g) Limitation of Retail Supply Contract term from one billing period to two years only;

Another resolution issued by the ERC is Resolution No. 11, Series of 2016 entitled “A Resolution Imposing Restrictions on the Operations of Distribution Utilities and Retail Electricity Suppliers in the Competitive Retail Electricity Market”. From the title itself, the Resolution contains restrictions on RES entities, as follows:

- (a) Prohibition of Local RES, in which DUs can only supply to end-users in the Contestable Market as Supplier of Last Resort (SOLR) and Local RES to wind down business within three years;
- (b) Market cap of each RES to supply no more than 30% of the total average monthly peak demand of all contestable customers in the Competitive Retail Electricity Market;
- (c) Prohibition of RES to transact not more than 50% of the total energy transactions of its Supply business with its affiliate Contestable Customers; and
- (d) Repeal of Resolution No. 22 Series of 2013.

DC 2015-06-0010, Resolutions Nos. 5, 10 and 11 Series of 2016 are all subject of a case for Declaratory Relief with the Pasig Regional Trial Court (RTC) filed by Manila Electric Company (Meralco). On July 13, 2016, the Pasig RTC has issued a preliminary injunction enjoining DOE from implementing its Circular and ERC from implementing Resolutions, insofar as they prohibit DUs from engaging in supply business, impose restrictions, contract term limits, mandatory contestability and market caps.

On September 21, 2016, the DOE filed a Petition for Certiorari and Prohibition to the Supreme Court praying, among others, for the nullification of all Orders and Decision of the Pasig RTC. The Supreme Court issued a Resolution on October 10, 2016 granting a Temporary Restraining Order to the Pasig RTC from enforcing its decisions, orders, resolutions regarding the abovementioned case until the instant petition is finally resolved.

The ERC issued Resolution No. 28, Series of 2016 dated November 15, 2016 to revise the timeframe of mandatory contestability from December 26, 2016 to February 26, 2017.

On February 21, 2017, the Supreme Court issued a Temporary Restraining Order (TRO) from the case filed by Philippine Chamber of Commerce and Industry, San Beda College Alabang Inc., Ateneo de Manila University, and Riverbanks Development Corporation. The TRO enjoined ERC and DOE from implementing Resolution No. 5 Series of 2016, Resolution No. 10 Series of 2016, Resolution No. 11 Series of 2016, Resolution No. 28 Series of 2016 and DOE Circular No. 2015-06-0010.

2. Possibility of Mindanao Wholesale Electricity Spot Market

The DOE issued a draft Circular entitled “*Declaring the Launch of the Wholesale Electricity Spot Market (WESM) in Mindanao and Providing for Transition Arrangements*”. The DOE held a series of public consultations from February to March 2017 to solicit comments on the draft circular from the Mindanao power industry participants. The DOE is already in the process of finalizing the circular and interim dispatch protocol.

3. Reserve Market

The DOE issued Department Circular No. DC2013-12-0027, “Declaring the Commercial Launch for the Trading of Ancillary Service in Luzon and Visayas under the Philippine Wholesale Electricity Spot Market” dated December 2, 2013. The said Department Circular sets the responsibility of the Philippine Electricity Market Corporation (PEMC), NGCP, National Electrification Administration and all WESM members with regards to the operation of the Reserve Market.

The trial operations started on February 26, 2014, and PEMC is still reviewing its results before certifying for market readiness. The Pricing and Cost Recovery Mechanism of the Reserve Market is still under review by the ERC under ERC Case No. 2007-004RC. The last hearing was on March 13, 2014.

The Reserve Market will cover three reserve categories, namely: Frequency Regulation, Contingency Reserve and Dispatchable Reserve. The Reserve Market will also include the scheduling of the ancillary services under an Ancillary Services Procurement Agreement with NGCP. No date has been set for the launch of the Reserve Market.

Since ERC has yet to issue the approval for the Price Determination Methodology of the Reserve Market, the DOE and PEMC implemented the Central Dispatch and Scheduling of Energy and Reserves in the WESM starting January 2016. The protocol follows that of the Reserve Market, however, participants will only be those contracted with NGCP and that no settlement amount will come from WESM.

AboitizPower, through SN Aboitiz Power - Benguet, SN Aboitiz Power - Magat, and Therma Luzon, Inc., is well-positioned to take advantage of this opportunity.

The categories of reserves may have to be revised due to new types of ancillary services under the 2016 version of the Philippine Grid Code.

4. Feed-in-tariff (FIT) scheme

The Renewable Energy Act of 2008 (RE Law) was signed into law by former President Gloria Macapagal-Arroyo on December 16, 2008 and took effect on January 2009. The RE Law offered fiscal and non-fiscal incentives to RE developers, including the FIT scheme which gives preferential rates.

In Resolution No. 10, Series of 2012 (as amended by ERC Case No. 2014-004RM), the ERC adopted the following FIT and degression rates for electricity generated from biomass, run-of-river hydropower, solar and wind resources:

	FIT Rate (₱/kWh)	Degression Rate
Wind	8.53 and 7.40**	0.5% after year 2 from effectivity of FIT
Biomass	6.63	0.5% after year 2 from effectivity of FIT
Solar	9.68 and 8.69*	6% after year 1 from effectivity of FIT
Hydro	5.90	0.5% after year 2 from effectivity of FIT

**New solar FIT rate as per ERC Case No. 2014-004RM, as necessitated by the new installation target for Solar Energy Generation set by the DOE.*

***New wind FIT rate as per ERC Case No. 2015-002RM, as necessitated by the new installation target for Solar Energy Generation set by the DOE.*

On July 23, 2012, the ERC promulgated ERC Resolution No. 10, Series of 2012, with approved solar FIT rate of ₱9.68/kWh and installation target of 50 MW. After the DOE increased the installation target of solar to 500 MW, a new FIT rate of ₱8.69/kWh was approved by the ERC to apply after the earlier of full subscription of the revised solar installation target of 500 MW or March 15, 2016. For the solar plants that have been commissioned prior to the effectivity of the ERC (up to 50MW) decision, the original Solar FIT of ₱9.68/kWh shall apply.

For wind, DOE endorsed the increase of wind installation target from 200 MW to 400 MW.

The ERC approved in February 2016 the new FIT-All rate for 2016 at ₱0.1240/kWh. The ERC used, in the interim, the existing unadjusted FIT rates so as not to pre-empt whatever decision the ERC may make on the adjustment of the FITs. The rate is effective in the succeeding billing period following the receipt by the National Transmission Corporation of the Order, which was on April 2016.

On March 2017, ERC issued Resolution No. 01, Series of 2017 entitled “*Resolution Setting the Degressed Feed-In tariff Rates for Run-Of-River Hydro and Biomass, as Provided in Section 2.11 of the Feed-In Tariff Rules (FIT Rules)*”. The degressed rates will be applied for run-of-river hydro and biomass plants which will be on commercial operation from January to December 2017. The degressed rate for hydro is ₱5.8705/kWh and for biomass is ₱6.5969/kWh.

5. Competitive Selection Process in Securing Power Supply Agreements

The DOE issued Department Circular No. DC2015-06-0008, entitled “Mandating all Distribution Utilities to Undergo Competitive Selection Process (CSP) in securing Power Supply Agreements (PSA).” The DOE recognizes that CSP in the procurement of PSAs by the distribution utilities ensures long term security and certainty of electricity prices of electric power to end-users. The following are principles that will guide the DUs in undertaking CSPs:

- Increase the transparency needed in the procurement process in order to reduce risks;
- Promote and instill competition in the procurement and supply of electric power to all electricity end-users;
- Ascertain least-cost outcomes that are unlikely to be challenged in the future as the political and institutional scenarios should change; and
- Protect the interest of the general public.

This Circular shall apply to any entity that owns, operates, or controls one or more distribution systems in the main grid and off-grid areas, such as but not limited to:

- Electric Cooperatives;
- Private Investor-Owned Distribution Utilities;
- Local Government Unit Owned-and-Operated Distribution Systems/Utility;
- Multi-Purpose Cooperatives duly authorized by appropriate Government agencies to operate electric power system;
- Entities duly authorized to operate within economic zones; and
- Other duly authorized entities engaged in the distribution of electricity.

The ERC issued Resolution No. 13, Series of 2015, entitled "A Resolution Directing All Distribution Utilities to Conduct a Competitive Selection Process in the Procurement of Their Supply in the Captive Market," on November 4, 2015. The pertinent provisions are as follows:

- (a) DUs may adopt any accepted form of CSP pending the issuance by ERC of prescribed CSP as per DOE Circular;
- (b) Minimum terms were identified by ERC;
- (c) A CSP is considered successful if the DU received at least two qualified bids from entities which the DU is not prohibited from entering into a contract for power supply; and
- (d) For two unsuccessful CSPs, the DU is allowed to enter into direct negotiations.

This development will increase transparency and competition. This is prospective, hence, will not affect AboitizPower’s existing contracts.

6. Maintaining the Share of Renewable Energy (RE) in the Installed Capacity

The DOE released Department Circular No. DC2015-07-0014, entitled “Prescribing the Policy for Maintaining the Share of Renewable Energy (RE) Resources in the Country’s Installed Capacity Through the Wholistic Implementation of the Pertinent Provisions of Republic Act No. 9513 or the RE Act on FIT System, Priority and Must Dispatch, Among Others,” in August 2015. The pertinent provisions are as follows:

- In order to maintain the share of RE in power generation, the DOE had set a policy of adopting at least 30% share of RE in the country’s total power generation capacity through the wholistic implementation of the FIT system and other pertinent provisions under the RE Act and RE Implementing Rules and Regulations;
- The succeeding rounds for the installation targets for FIT-eligible resources shall be made through an auction system to be adopted by the DOE upon the full subscription of the existing FIT installation targets; and
- Compliance with the provisions stated in the Circular shall be deemed compliance with the RPS.

AboitizPower’s current net sellable capacity mix is roughly 68% thermal and 32% renewable. Even with all the new capacity additions, AboitizPower will remain within the said capacity mix. Additionally, the above mentioned auction system has not yet been adopted.

IV. Capital Expenditure 2017

AboitizPower is allotting ₱59 billion in capital expenditure this year, of which 74% is for new thermal projects, 8% for new renewable projects and 18% for exploratory and operating activities.

Banking & Financial Services

UnionBank of the Philippines, Inc. (UnionBank)

UnionBank’s initiatives on strengthening its customer franchise will continue to be at the forefront as it prioritizes delivering unique customer experience through enhanced retail focus, superior innovation and product customization, and stronger sales management approach. UnionBank will continue to invest in technology, cultivate partnerships and rationalize branch network expansion in strategic areas to maximize growth channels with respect to both deposits and loan accounts.

UnionBank will continue to focus on improving the performance of its earning assets portfolio, with loan asset acquisition in the retail, middle-market and corporate sectors. The bank will implement a disciplined asset allocation built on good governance and effective risk management to ensure momentum of recurring income stream. At the same time, UnionBank is focusing on improving its deposit liabilities mix by targeting low-cost funds (i.e. CASA).

UnionBank will continue to enhance operating efficiencies through cost containment efforts and improvements in its business processes and systems to align with international standards and best practices, and increase in manpower productivity with the help of functional and developmental trainings as well as appropriate matching of job, skills and capabilities. More importantly and consistent with the digital banking thrust, UnionBank aims to establish a digital back-office which allows straight through processing real time and 24/7 delivery of financial products and services.

UnionBank will also promote customer advocacy by cultivating employee engagement throughout the organization. The Bank believes that by doing this, UnionBank can optimize employee behavior

to drive long-term financial and operational performance and growth. In line with this, the Bank initiated “middle-out” strategic programs, which strive to propel UnionBankers to higher levels of engagement, particularly through the conduct of culture conversations, fostering REaCh Programs and celebrating DNA Stories.

City Savings Bank (CitySavings), the subsidiary thrift bank of UnionBank, will continue with its unique focus as the preferred teachers’ bank in the Philippines, particularly expanding its customer franchise in areas outside of its present coverage. It will continuously enhance its products and services to strengthen its market position in its present niche and tap other civil servant market segments.

The combined unique strengths of UnionBank and CitySavings’ management team as well as its attained technological and financial capabilities will catapult both to greater heights towards elevating the lives of its stakeholders and the communities it serves.

UnionBank tripled its capex to ₱3 billion in 2017 to upgrade its digital banking infrastructure.

PETNET, Inc. (PETNET)

PETNET will continue to face an environment that is more competitive in business trends and more stringent in regulation. Thus, they have and continue to put in place IT, risk management, and compliance systems and processes, to respond to these challenges. PETNET shall continue to improve its business operations to adapt and better respond to the ever-growing needs of the market.

As part of its PERA HUB’s digital initiatives to be more accessible and convenient for customers, it will introduce the PERA HUB Mobile Application, the first of its kind in the financial services industry. Customers will be able to locate the nearest PERA HUB branch, view the list of loan requirements, and monitor PERA HUB Card points. Users of the application can also check the latest PERA HUB promos and rewards, and explore its other products and services. PETNET aims to eventually roll out a functionality that will allow customers to conduct transactions through this application.

In strengthening its retail brand, PERA HUB will remain as one of the priorities as they explore new and better ways to heighten customer delight. PETNET shall continue to support CSR activities of the Aboitiz Group in tandem with its own continuing efforts to develop more purposive CSR activities for our company. It is also their goal to be fully aligned with the Group’s level of corporate governance as we remain true to our core values as an organization. PETNET remains steadfast in its commitment to provide as much value as it can to all its stakeholders.

PETNET has earmarked ₱22 million for its capex in 2017.

Food

Pilmico remains aggressive in pursuing the pipeline of projects to grow and diversify its core businesses in the countries it operates in.

In 2017, Pilmico aims to achieve business success while promoting the needs of its customers and the communities it serves. Pilmico continues to expand its reach nationwide and build on the considerable work it has done for backyard farmers. Pilmico will continue to grow domestically and internationally increasing our stakeholders’ value.

For its flour business, Pilmico will continue to expand its market reach in the ASEAN with the export of its flour products while we also exploring production capabilities in the region. Likewise, Pilmico will broaden its flour product's portfolio offering for both local and international distribution.

The farms business will proceed on to the next sow level ramp up to 20,000 sow level, integrate the business further through the value chain with the new meat processing plant. It will likewise operationalize its newly completed layers farm with monthly output of four mn eggs.

To further grow and strengthen its Feeds business in the Philippines, Pilmico will be expanding its feedmill capacity in Iligan and Tarlac.

The Feeds business will increase foothold in the feeds industry by growing animal-feeds related businesses in the Philippines and export its feed products in Vietnam, Indonesia, and the Pacific. Internationally, Pilmico VHF will operationalize new aqua feed mill in Vietnam and look into exporting its aqua feeds in ASEAN and in Africa. Moreover, the company will also actively pursue other opportunities in the region through mergers and acquisition.

Pilmico has allocated ₱1.7 billion capex for the year in support of various initiatives for its flour, feeds, and farms divisions, as well as pursuing opportunities in the region.

Land

Aboitiz Land, Inc. (AboitizLand) is looking forward to the launch of two residential projects in the upcoming quarter – one of which being in Luzon, marking a first for AboitizLand. Excitement surrounding The Outlets at Lipa continues to heighten with increased inquiries, lease commitments, and construction progress. With additional residential and commercial launches planned for the coming years and having solidified its relationship with Aboitiz Construction Inc., AboitizLand looks to make 2017 its watershed year.

AboitizLand's industrial unit shows promise for the years ahead. Historically, AboitizLand's industrial business unit has consistently exceeded sales targets while expanding its land portfolio. As such, the industrial unit will continue to grow its business, expand its portfolio of locators, and be a key contributor to AboitizLand's success.

Continuing to secure land in strategic areas and craft unique project designs, AboitizLand is not only keen on executing its plan for the upcoming year, but also in delivering projects and building communities for the years to come.

To support growth initiatives, AboitizLand has allocated ₱5 billion capex for 2017.

Infrastructure

Early this 2017, AEV formally established its fifth strategic business unit through the formation of Aboitiz InfraCapital, Inc. (AIC). AIC is mandated to develop opportunities in the infrastructure space and to manage AEV's infrastructure investments.

AIC is well-positioned to contribute to the nation's growth trajectory by developing and building infrastructure solutions and producing quality building materials that will help advance businesses and communities.

AEV foresees considerable public and private investments going into infrastructure over the next ten to fifteen years and intends to play an active role in the many opportunities in this space. Infrastructure meets the AEV's growth criteria by being scalable, diversifying income streams, tapping on existing core competencies and providing AEV with strong recurring profits and cash flow.

For infrastructure, Aboitiz is allocating ₱8.1 billion in capex.

Republic Cement and Building Materials, Inc. (RCBM)

AEV's investment in RCBM performed well in 2016, as the construction market remained strong with growth in cement demand in 2016 largely due to increased construction activities in the private sector and government infrastructure. AEV expects the same growth trajectory or better, in 2017 onwards due to the infrastructure opportunities in-country.

RCBM continues to meet growing cement demand throughout the country with operational excellence programs within the plants and supply chain optimization initiatives within its core markets. The company remains committed to provide the widest range of high-quality Republic Cement products to address the specific needs of its end users.

Apo Agua Infraestructura, Inc. (Apo Agua)

AEV and J.V. Angeles Construction Corp. (JVACC) established Apo Agua, the project company which will design, construct and operate a hydroelectric powered-raw water treatment facility and a conveyance system which will deliver a minimum contracted annual volume of 109.5 mn cubic meters (equivalent to 300 million liters per day) of treated bulk water to Davao City over a 30-year period.

JVACC will bring its 50 years of experience in construction and development of water-related infrastructure to the partnership. Hedcor, Inc., an affiliate of AEV specializing in the design, construction and operations of mini-hydropower plants, will provide the technical and operational expertise for its hydro-electric component.

On March 17, 2015, Apo Agua signed the Contractual Joint Venture Agreement and Bulk Water Purchase Agreement (BWPA) with Davao City Water District (DCWD) for the financing, design, construction and operations of the Tamugan Surface Water Development Project.

Apo Agua secured the project endorsement and approval from the Council Members of the Davao City Government last March 1, 2016. Target construction start date is expected by third quarter of 2017, once all the necessary permits and funding are secured.

Public-Private Partnership (PPP) Projects of Interest

1. Pre-Qualification and Bidding Process for the Operations, Maintenance and Expansion of the Bacolod-Silay, Iloilo, Davao, Laguindingan and New Bohol Airports PPP

The Department of Transportation (DOTr) has recently re-launched the pre-qualification and bidding process for the five regional airports as individual, un-bundled projects. AEV, through its infrastructure arm AIC, remains interested in these opportunities and is exploring options considering the new project structure.

PART II--OTHER INFORMATION

There are no significant information on the company which requires disclosure herein and/or were not included in SEC Form 17-C.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

	March 31, 2017 Unaudited	December 31, 2016 Audited
ASSETS		
Current Assets		
Cash and cash equivalents	66,967,576	63,857,528
Trade and other receivables	20,743,757	21,732,203
Inventories	11,115,417	10,221,448
Derivative asset	99,935	188,417
Other current assets	11,551,335	9,579,230
Total Current Assets	110,478,020	105,578,826
Noncurrent Assets		
Property, plant and equipment	204,624,933	201,894,769
Investments and advances	89,772,525	86,950,461
Investment properties	5,360,335	5,372,390
Land and improvements	3,488,239	3,525,381
Intangible asset - service concession rights	3,230,180	3,222,123
Goodwill	38,160,733	38,174,105
Deferred income tax assets	2,314,021	2,207,259
Trade receivables - net of current portion	66,450	277,771
Derivative asset - net of current portion	905,750	977,769
Available-for-sale (AFS) investments	587,298	563,748
Net pension assets	113,602	115,264
Other noncurrent assets	15,407,358	15,217,185
Total Noncurrent Assets	364,031,424	358,498,225
TOTAL ASSETS	474,509,444	464,077,051
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	13,051,405	8,259,028
Trade and other payables	20,267,138	22,210,909
Derivative liability	131,109	127,442
Current portions of:		
Long-term debts	7,628,121	7,698,261
Long-term obligation on Power Distribution System (PDS)	40,000	40,000
Obligations under finance lease	2,968,491	2,968,491
Income tax payable	1,641,612	685,215
Dividends payable	7,492,944	-
Total Current Liabilities	53,220,820	41,989,346
Noncurrent Liabilities		
Noncurrent portions of:		
Obligations under finance lease	48,838,737	49,371,713
Long-term debts	186,648,770	187,533,762
Long-term obligation on PDS	204,454	197,248
Trade payables	670,834	578,892
Derivative liability - net of current portion	171,529	233,435
Customers' deposits	7,566,964	7,040,347
Asset retirement obligation	1,852,787	1,821,577
Deferred income tax liabilities	1,629,278	1,567,411
Net pension liability	375,694	347,699
Total Noncurrent Liabilities	247,959,047	248,692,084
Total Liabilities	301,179,867	290,681,430
Equity Attributable to Equity Holders of the Parent		
Capital stock	5,694,600	5,694,600
Additional paid-in capital	13,013,197	13,013,197
<i>Other equity reserves:</i>		
Gain on dilution	5,376,176	5,376,176
Excess of book value over acquisition cost of an acquired subsidiary	469,540	469,540
Acquisition of non-controlling interests	(1,577,075)	(1,577,075)
<i>Accumulated other comprehensive income:</i>		
Net unrealized mark-to-market gains on AFS investments	10,219	9,106
Cumulative translation adjustments	65,477	34,262
Actuarial losses on defined benefit plans	(794,000)	(783,891)
Share in actuarial losses on defined benefit plans of associates and joint ventures	(562,920)	(513,132)
Share in cumulative translation adjustments of associates and joint ventures	(95,378)	(95,378)
Share in net unrealized mark-to-market losses on AFS investments of an associate	(2,073,648)	(3,938,424)
Retained earnings		
Appropriated	1,622,000	2,717,000
Unappropriated	118,665,711	120,390,178
Treasury stock at cost	(521,132)	(521,132)
	139,292,767	140,275,027
Non-controlling Interests	34,036,810	33,120,594
Total Equity	173,329,577	173,395,621
TOTAL LIABILITIES AND EQUITY	474,509,444	464,077,051

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

For the three months ended March 31, 2017 and March 31, 2016

(Amounts in thousands, except earnings per share amounts)

(Unaudited)

	For the three months ended March 31	
	2017	2016
OPERATING REVENUES	33,822,206	27,736,419
OPERATING EXPENSES	26,129,598	20,732,649
FINANCIAL INCOME (EXPENSES)		
Interest income	479,046	342,106
Interest expense	-3,348,198	-2,563,268
	-2,869,152	-2,221,162
OTHER INCOME - NET		
Share in net earnings of associates and joint ventures	2,520,098	2,001,040
Other income (charges)	-123,986	924,926
	2,396,112	2,925,965
INCOME BEFORE INCOME TAX	7,219,568	7,708,573
PROVISION FOR INCOME TAX	1,130,740	1,158,711
NET INCOME	6,088,828	6,549,862
ATTRIBUTABLE TO:		
Equity holders of the parent	4,673,477	5,049,245
Non-controlling interests	1,415,351	1,500,617
	6,088,828	6,549,862
EARNINGS PER COMMON SHARE		
Basic and diluted, for income for the year attributable to ordinary equity holders of the parent	0.830	0.909

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

(Amounts in thousands)

(Unaudited)

	For the three months ended March 31	
	2017	2016
NET INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	4,673,477	5,049,245
Non-controlling interests	1,415,351	1,500,617
	6,088,828	6,549,862
OTHER COMPREHENSIVE INCOME (LOSS)		
<i>Items that may be reclassified to consolidated statements of income:</i>		
Movement in cumulative translation adjustments	34,849	(125,394)
Movement in net unrealized mark-to-market gains on AFS investments	942	1,406
Share in movement in net unrealized mark-to-market losses on AFS investments of associates	1,864,776	3,103,477
Share in movement in cumulative translation adjustments of associates and joint ventures	-	39,579
	1,900,567	3,019,068
<i>Items that will not be reclassified to consolidated statements of income:</i>		
Movement in actuarial gains (losses) on defined benefit plans, net of tax	(10,110)	8,569
Share in movement in actuarial losses on defined benefit plans of associates and joint ventures, net of tax	(49,788)	(15,786)
	(59,898)	(7,217)
TOTAL COMPREHENSIVE INCOME	7,929,497	9,561,713
ATTRIBUTABLE TO:		
Equity holders of the parent	6,510,682	8,079,201
Non-controlling interests	1,418,815	1,482,512
	7,929,497	9,561,713

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED March 31, 2017, and DECEMBER 31, 2016

	Attributable to owners of the parent																
	Capital Stock Common	Additional Paid-in Capital	Gain on Dilution	Excess of Book Value over Acquisition Cost of an Acquired Subsidiary	Acquisition of Non-controlling Interests	Net Unrealized Mark-to-market Gains on AFS Investments	Cumulative Translation Adjustments	Actuarial Gains (Losses) on Defined Benefit Plans	Share in Actuarial Losses on Defined Benefit Plans of Associates	Share in Cumulative Translation Adjustments of Associates	Share in Net Unrealized Mark-to-market Gains (Losses) on AFS Investments & Underwriting Accounts of Associates	Retained Earnings Appropriated	Retained Earnings Unappropriated	Treasury Stock	Total	Non-controlling Interests	Total
Balances at January 1, 2017	5,694,600	13,013,197	5,376,176	469,540	(1,577,075)	9,106	34,262	(783,891)	(513,132)	(95,378)	(3,938,424)	2,717,000	120,390,178	(521,132)	140,275,027	33,120,594	173,395,621
Net income for the period	-	-	-	-	-	-	-	-	-	-	-	-	4,673,477	-	4,673,477	1,415,351	6,088,828
Other comprehensive income																	
Movement of net unrealized mark-to-market gains on AFS investments	-	-	-	-	-	1,113	-	-	-	-	-	-	-	-	1,113	(170)	943
Movement in cumulative translation adjustments	-	-	-	-	-	-	31,215	-	-	-	-	-	-	-	31,215	3,634	34,849
Actuarial losses on defined benefit plans, net of tax	-	-	-	-	-	-	-	(10,109)	-	-	-	-	-	-	(10,109)	-	(10,109)
Share in movement in actuarial losses on defined benefit plan of associates and joint ventures	-	-	-	-	-	-	-	-	(49,788)	-	-	-	-	-	(49,788)	-	(49,788)
Share in movement in unrealized mark-to-market losses on AFS investments of associates	-	-	-	-	-	-	-	-	-	-	1,864,776	-	-	-	1,864,776	-	1,864,776
Total comprehensive income (loss) for the year	-	-	-	-	-	1,113	31,215	(10,109)	(49,788)	-	1,864,776	-	4,673,477	-	6,510,684	1,418,815	7,929,499
Appropriation during the year	-	-	-	-	-	-	-	-	-	-	-	(1,095,000)	1,095,000	-	-	-	-
Cash dividends - P1.33 per share	-	-	-	-	-	-	-	-	-	-	-	-	(7,492,944)	-	(7,492,944)	-	(7,492,944)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(454,722)	(454,722)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(47,877)	(47,877)
Balances at March 31, 2017	5,694,600	13,013,197	5,376,176	469,540	(1,577,075)	10,219	65,477	(794,000)	(562,920)	(95,378)	(2,073,648)	1,622,000	118,665,711	(521,132)	139,292,767	34,036,810	173,329,577

Attributable to owners of the parent

	Capital Stock Common	Additional Paid-in Capital	Gain on Dilution	Excess of Book Value over Acquisition Cost of an Acquired Subsidiary	Acquisition of Non- controlling Interests	Net Unrealized Mark-to-market Gains (Losses) on AFS Investments	Cumulative Translation Adjustments	Actuarial Gains (Losses) on Defined Benefit Plans	Share in Actuarial Losses on Defined Benefit Plans of Associates	Share in Cumulative Translation Adjustments of Associates	Share in Net Unrealized Mark-to- market Gains (Losses) on AFS Investments & Underwriting Accounts of Associates	Retained Earnings Appropriated	Retained Earnings Unappropriated	Treasury Stock	Total	Non-controlling Interests	Total
Balances at January 1, 2016	5,694,600	7,683,568	5,376,176	469,540	(1,577,075)	14,188	176,379	(795,967)	(334,456)	(193,921)	(3,748,731)	-	106,521,242	(1,065,585)	118,219,958	28,764,484	146,984,442
Net income for the period	-	-	-	-	-	-	-	-	-	-	-	-	5,049,245	-	5,049,245	1,500,617	6,549,862
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Movement of net unrealized mark-to-market gains on AFS investments	-	-	-	-	-	1,406	-	-	-	-	-	-	-	-	1,406	0	1,406
Movement in cumulative translation adjustments	-	-	-	-	-	-	(98,140)	-	-	-	-	-	-	-	(98,140)	(27,254)	(125,394)
Actuarial gains on defined benefit plans, net of tax	-	-	-	-	-	-	-	8,569	-	-	-	-	-	-	8,569	-	8,569
Share in movement in actuarial losses on defined benefit plan of associates and joint ventures	-	-	-	-	-	-	-	-	(15,786)	-	-	-	-	-	(15,786)	-	(15,786)
Share in cumulative translation adjustment of associates and joint ventures	-	-	-	-	-	-	-	-	-	30,430	-	-	-	-	30,430	9,150	39,579
Share in movement in unrealized mark-to-market losses on AFS investments of associates	-	-	-	-	-	-	-	-	-	-	3,103,477	-	-	-	3,103,477	-	3,103,477
Total comprehensive income (loss) for the year	-	-	-	-	-	1,406	(98,140)	8,569	(15,786)	30,430	3,103,477	-	5,049,245	-	8,079,201	1,482,513	9,561,713
Appropriation during the year	-	-	-	-	-	-	-	-	-	-	-	2,717,000	(2,717,000)	-	-	-	-
Cash dividends - P1.06 per share	-	-	-	-	-	-	-	-	-	-	-	-	(5,887,523)	-	(5,887,523)	-	(5,887,523)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(423,432)	(423,432)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(47,057)	(47,057)
Balances at March 31, 2016	5,694,600	7,683,568	5,376,176	469,540	(1,577,075)	15,594	78,240	(787,398)	(350,242)	(163,492)	(645,254)	2,717,000	102,965,964	(1,065,585)	120,411,636	29,776,508	150,188,144

Attributable to owners of the parent

	Capital Stock Common	Additional Paid-in Capital	Gain on Dilution	Excess of Book Value over Acquisition Cost of an Acquired Subsidiary	Acquisition of Non- controlling Interests	Net Unrealized Mark-to-market Gains (Losses) on AFS Investments	Cumulative Translation Adjustments	Actuarial Losses on Defined Benefit Plans	Share in Actuarial Losses on Defined Benefit Plans of Associates	Share in Cumulative Translation Adjustments of Associates	Share in Net Unrealized Mark-to- market Gains (Losses) on AFS Investments & Underwriting Accounts of Associates	Retained Earnings Appropriated	Retained Earnings Unappropriated	Treasury Stock	Total	Non-controlling Interests	Total
Balances at January 1, 2016	5,694,600	7,683,568	5,376,176	469,540	(1,577,075)	14,188	176,379	(795,967)	(334,456)	(193,921)	(3,748,731)	-	106,521,242	(1,065,585)	118,219,958	28,764,484	146,984,442
Net income for the period	-	-	-	-	-	-	-	-	-	-	-	-	22,473,458	-	22,473,458	6,179,667	28,653,125
Other comprehensive income																	
Movement of net unrealized mark-to-market losses on AFS investments	-	-	-	-	-	(5,082)	-	-	-	-	-	-	-	-	(5,082)	(766)	(5,848)
Movement in cumulative translation adjustments	-	-	-	-	-	-	(142,117)	-	-	-	-	-	-	-	(142,117)	(60,950)	(203,067)
Actuarial losses on defined benefit plans, net of tax	-	-	-	-	-	-	-	12,076	-	-	-	-	-	-	12,076	-	12,076
Share in movement in actuarial losses on defined benefit plan of associates and joint ventures	-	-	-	-	-	-	-	-	(178,676)	-	-	-	-	-	(178,676)	432	(178,244)
Share in cumulative translation adjustment of associates	-	-	-	-	-	-	-	-	-	98,543	-	-	-	-	98,543	29,630	128,173
Share in movement in unrealized mark-to-market losses on AFS investments of associates	-	-	-	-	-	-	-	-	-	-	(189,693)	-	-	-	(189,693)	-	(189,693)
Total comprehensive income (loss) for the year	-	-	-	-	-	(5,082)	(142,117)	12,076	(178,676)	98,543	(189,693)	-	22,473,458	-	22,068,509	6,148,013	28,216,522
Cash dividends - P1.06 per share	-	-	-	-	-	-	-	-	-	-	-	-	(5,887,522)	-	(5,887,522)	-	(5,887,522)
Appropriation during the year	-	-	-	-	-	-	-	-	-	-	-	2,717,000	(2,717,000)	-	-	-	-
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,456,950)	(4,456,950)
Sale of treasury shares	-	5,329,629	-	-	-	-	-	-	-	-	-	-	-	544,453	5,874,082	-	5,874,082
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,665,047	2,665,047
Balances at December 31, 2016	5,694,600	13,013,197	5,376,176	469,540	(1,577,075)	9,106	34,262	(783,891)	(513,132)	(95,378)	(3,938,424)	2,717,000	120,390,178	(521,132)	140,275,027	33,120,594	173,395,621

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)
(Unaudited)

	For the three months ended March 31	
	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	7,219,568	7,708,573
Adjustments for:		
Interest expense	3,348,198	2,563,268
Depreciation and amortization	1,983,339	1,576,845
Net unrealized foreign exchange loss (gain)	532,104	(506,396)
Write-off of project costs and others	-	(48,409)
Unrealized fair valuation losses on derivatives	171,095	264,769
Amortization of computer softwares and other intangibles	36,036	8,406
Gain on sale of property, plant & equipment	(1,243)	(327)
Dividend income	(450)	(9)
Gain on sale of available for sale investments	(2,217)	-
Interest income	(479,046)	(342,106)
Share in net earnings of associates	(2,520,097)	(2,001,039)
Operating income before working capital changes	10,287,287	9,223,574
Increase in operating assets	(1,755,502)	(1,846,817)
Increase (decrease) in operating liabilities	(1,317,281)	2,621,635
Net cash generated from operations	7,214,505	9,998,393
Income and final taxes paid	(352,287)	(271,714)
Net cash flows from operating activities	6,862,218	9,726,679
CASH FLOWS FROM INVESTING ACTIVITIES:		
Cash dividends received	1,763,564	1,269,711
Interest received	442,866	267,927
Disposals of (additions to):		
AFS investments	(20,392)	4,258
Land and improvements	37,142	(229,800)
Investments in associates	(250,093)	(426,422)
Property, plant and equipment - net	(4,674,189)	(7,007,624)
Increase in intangible assets	(10,921)	(16,861)
Decrease (increase) in other assets / (decrease) increase in other liabilities	685,931	(147,585)
Net cash flows used in investing activities	(2,026,092)	(6,286,397)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from bank loans	4,792,377	2,886,467
Cash dividends paid to non-controlling interest	(450,183)	(423,432)
Net proceeds from (settlements of) long-term debt	(1,890,702)	16,395,772
Interest paid	(2,016,549)	(937,884)
Payments of finance lease obligation	(2,146,679)	(2,139,488)
Net cash flows from (used in) financing activities	(1,711,736)	15,781,435
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,124,390	19,221,717
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	(14,342)	(67,858)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	63,857,528	63,581,884
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	66,967,576	82,735,743

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS SCHEDULES AND DISCLOSURES

(Amounts in Thousands, Except Earnings per Share and Exchange Rate Data and When Otherwise Indicated)

A. Components of Revenues, Costs & Expenses, and Other Comprehensive Income
1. Revenues

	For the three months ended	
	March 31	
	2017	2016
Sale of:		
Power and electricity	26,753,400	21,313,656
Goods	5,405,061	5,007,214
Real estate	640,373	522,764
Fair value of swine	518,867	487,189
Service fees	440,403	370,003
Others	64,102	35,593
	33,822,206	27,736,419

2. Costs & Expenses

	For the three months ended	
	March 31	
	2017	2016
Cost of generated and purchased power	14,877,381	11,711,686
Cost of goods sold	4,787,672	4,320,939
Operating expenses	6,071,461	4,232,480
Cost of real estate sales	356,215	436,474
Overhead expenses	36,869	31,070
	26,129,598	20,732,649

3. Other Comprehensive Income

	For the three months ended March 31		
	2017		
Available-for-sale financial assets:			
Net unrealized valuation gains arising during the period	942		1,406
Less: Reclassification adjustments for losses included in profit or loss	0	942	0
Share in movement in net unrealized mark-to-market losses on AFS investments of associates		1,864,776	
Movement in actuarial losses on defined benefit plans		(14,443)	
Exchange differences in translating foreign currency-denominated transactions		34,849	
Share in movement in actuarial losses on defined benefit plans of associates and joint ventures		(71,126)	
Share in movement in cumulative translation adjustments of associates and joint ventures		-	
		1,814,998	
Income tax relating to components of other comprehensive income		25,671	
Other comprehensive income for the period		1,840,669	

B. Tax Effects Relating to Each Component of Other Comprehensive Income

	For the three months ended March 31, 2017		
	Before-Tax		Net-of-Tax
	Amount	Tax Benefit	Amount
Available-for-sale financial assets:			
Net unrealized valuation gains arising during the period	942	-	942
Share in movement in net unrealized mark-to-market losses on AFS investments of associates	1,864,776	-	1,864,776
Movement in actuarial losses on defined benefit plans	(14,443)	4,333	(10,110)
Exchange differences in translating foreign currency-denominated transactions	34,849	-	34,849
Share in movement in actuarial losses on defined benefit plans of associates and joint ventures	(71,126)	21,338	(49,788)
Other comprehensive income for the period	1,814,998	25,671	1,840,669

	For the three months ended March 31, 2016		
	Before-Tax	Tax (Expense)	Net-of-Tax
	Amount	Benefit	Amount
Available-for-sale financial assets:			
Net unrealized valuation gains arising during the period	1,406	-	1,406
Share in movement in net unrealized mark-to-market losses on AFS investments of associates	3,103,477	-	3,103,477
Movement in actuarial losses on defined benefit plans	12,241	(3,672)	8,569
Exchange differences in translating foreign currency-denominated transactions	(125,394)	-	(125,394)
Share in movement in actuarial losses on defined benefit plans of associates and joint ventures	(22,551)	6,765	(15,786)
Share in movement in actuarial losses on defined benefit plans of associates and joint ventures	39,579	-	39,579
Other comprehensive loss for the period	3,008,758	3,093	3,011,851

C. Investments and Advances

	March 31, 2017	December 31, 2016
Acquisition cost:		
Balance at beginning of period	62,563,115	50,335,563
Additions during the period	250,093	12,408,168
Step acquisition of subsidiary	-	-144,691
Redemptions during the period	-	(35,925)
Balance at end of period	62,813,208	62,563,115
Accumulated equity in net earnings:		
Balance at beginning of period	28,599,982	27,072,370
Share in net earnings for the period	2,520,098	9,651,787
Step-acquisition of subsidiary	-	(87,437)
Cash dividends received and receivable	(1,763,116)	(8,036,738)
Balance at end of period	29,356,964	28,599,982
Gain on dilution	1,014,136	1,014,136
Share in net unrealized mark-to-market losses on AFS investment of associates	(2,038,660)	(3,903,435)
Share in cumulative translation adjustments of associates and joint ventures	(128,203)	(128,203)
Share in actuarial losses on retirement benefit plans of associates and joint ventures	(596,248)	(546,459)
	90,421,197	87,599,136
Advances to associates	32,059	32,056
Investments in associates at equity	90,453,256	87,631,192
Less allowance for impairment loss	680,731	680,731
	89,772,525	86,950,461

Investees and the corresponding equity ownership of Aboitiz Equity Ventures, Inc. (AEV) and its subsidiaries (the Group) are as follows:

	Nature of Business	% Owne
		March 31, 2017
Manila-Oslo Renewable Enterprise, Inc. (MORE) *	Holding company	83.33
Maaraw Holdings San Carlos, Inc. (MHSCI) *	Holding company	60.00
AEV CRH Holdings, Inc. (AEV CRH)	Holding company	60.00
Cebu District Property Enterprise, Inc. (CDPEI) *	Real estate	50.00
Union Bank of the Philippines (UBP)	Banking	48.83
Hijos de F. Escaño, Inc. (Hijos)	Holding company	46.73
CRH ABOITIZ Holdings, Inc. (CRH ABOITIZ)	Holding company	45.00
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	43.78
Pampanga Energy Ventures, Inc. (PEVI)	Holding company	42.84
La Filipina Elektrika, Inc.**	Power generation	40.00
San Carlos Sun Power, Inc. (SACASUN)*	Power generation	35.00
STEAG State Power, Inc. (STEAG)	Power generation	34.00
Cebu Energy Development Corp. (CEDC)	Power generation	26.40
Redondo Peninsula Energy, Inc. (RP Energy)**	Power generation	25.00
Southern Philippines Power Corporation (SPPC)	Power generation	20.00
Western Mindanao Power Corporation (WMPC)	Power generation	20.00
GNPower Dinginin Ltd. Co.	Power generation	50.00

* Joint venture

** No commercial operations.

D. Trade and Other Payables

	March 31, 2017	December 31, 2016
Trade	11,182,446	11,803,900
Others	9,084,692	10,407,009
	20,267,138	22,210,909

Trade payables are non-interest bearing and are usually on 30-90 days' terms.

Others include nontrade payables, insurance liabilities, accrued taxes and fees, withholding taxes and other accrued expenses, and are generally payable within 12 months from the balance sheet date.

E. Bank Loans

	March 31, 2017		December 31, 2016	
	Interest Rate	Amount	Interest Rate	Amount
Financial institutions - unsecured:				
Peso loans	2.50% - 3.00%	12,514,100	2.35% - 2.75%	7,907,700
US dollar loans	2.00%	250,800		-
Vietnamese Dong loans	2.70% - 5.60%	286,505	2.30% - 4.70%	351,328
		13,051,405		8,259,028

F. Long-term Debts

	March 31, 2017		December 31, 2016	
	Interest Rate	Amount	Interest Rate	Amount
Company:				
Financial and non-financial institutions - unsecured	4.41% - 6.02%	32,000,000	4.41% - 6.02%	32,000,000
Subsidiaries:				
Aboitiz Power Corporation (AP)				
Financial and non-financial institutions - unsecured	5.21% - 6.10%	10,000,000	5.21% - 6.10%	10,000,000
TPI Parent				
Financial institution - unsecured	LIBOR + 1.10%	31,274,760	LIBOR + 1.10%	31,000,420
Therma Visayas, Inc.				
Financial institution - secured	6.02% to 6.23%	27,570,000	6.02% to 6.23%	27,570,000
GMCP				
Financial institutions - secured	LIBOR + 2.5% - 7.65%	25,808,830	LIBOR + 2.5% - 7.65%	27,116,752
Therma South, Inc. (TSI)				
Financial institution - secured	4.50% to 5.14%	23,970,382	4.50% to 5.14%	23,970,380
AP Renewables, Inc.				
Financial institution - secured	4.53% to 6.00%	11,249,760	4.53% to 6.00%	11,874,880
Hedcor Bukidnon, Inc.				
Financial institutions - secured	5.28% to 6.00%	5,682,281	5.28% to 6.00%	5,684,476
Hedcor Sibulan, Inc.				
Financial institutions - secured	4.11% to 5.32%	4,100,000	4.11% to 5.32%	4,100,000
Aseagas Corporation				
Financial institution - secured	4.66% - 5.06%	2,434,211	4.66% - 5.06%	2,434,209
Visayan Electric Company, Inc.				
Financial institutions - unsecured	3.50% - 4.81%	1,379,000	3.50% - 4.81%	1,379,000
Luzon Hydro Corporation				
Financial institution - secured	2% to 2.75%	1,386,925	2% to 2.75%	1,374,759
Davao Light & Power Co., Inc.				
Financial institutions - unsecured	3.50% to 4.81%	1,034,250	3.50% to 4.81%	1,034,250
Hedcor, Inc.				
Financial institution - secured	5.25%	603,000	5.25%	630,000
Subic Enerzone Corporation				
Financial institutions - unsecured	5.61% - 6.06%	282,500	5.61% - 6.06%	282,500
Cotabato Light & Power Co., Inc.				
Financial institution - unsecured	3.50% to 4.81%	206,850	3.50% to 4.81%	206,850
Pilmico Foods Corporation				
Financial institutions - secured	5.09 - 5.65%	2,844,000	5.09 - 5.65%	2,844,000
Pilmico Animal Nutrition Corporation				
Financial institution - secured	5.02% - 5.35%	2,700,000	5.02% - 5.35%	2,700,000
AboitizLand, Inc.				
Financial institutions:				
Peso - secured	4.67% - 6.89%	112,500	4.67% - 6.89%	120,000
US Dollar - secured	1.31% - 1.59%	91,981	1.31% - 1.59%	97,252
Joint Operation				
Pagbilao Energy Corporation				
Financial institution - secured	4.70% to 6.68%	12,809,951	4.70% to 6.68%	12,234,910
Total		197,541,181		198,654,638
Less deferred financing costs		3,264,290		3,422,615
		194,276,891		195,232,023
Less current portion		7,628,121		7,698,261
		186,648,770		187,533,762

G. Debt Securities

As of March 31, 2017 and December 31, 2016, AEV and Aboitiz Power Corporation (AP) registered and issued peso-denominated fixed-rate retail bonds totalling P42 billion under the following terms:

Maturity	Issuer	Interest Rate	Amount
7-year bonds to mature on November 21, 2020	AEV	4.4125% p.a.	6,200,000
10-year bonds to mature on November 21, 2023	AEV	4.6188% p.a.	1,800,000
5-year bonds to mature on August 6, 2020	AEV	4.4722% p.a.	10,461,620
7-year bonds to mature on August 6, 2022	AEV	5.0056% p.a.	8,467,030
12-year bonds to mature on August 6, 2027	AEV	6.0169% p.a.	5,071,350
10-year bonds to mature on September 10, 2021	AP	5.21%/p.a.	6,634,370
12-year bonds to mature on September 10, 2026	AP	6.10%/p.a.	3,365,630

H. Earnings Per Common Share

Earnings per common share amounts were computed as follows:

	Jan-Mar 2017	Jan-Mar 2016
a. Net income attributable to equity holders of the parent	4,673,477	5,049,245
b. Weighted average number of common shares issued and outstanding	5,633,793	5,554,267
Earnings per share (a/b)	0.830	0.909

I. Operating Segment Information

Operating segments are components of the Group that engage in business activities from which they may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's CODM to make decisions about how resources are to be allocated to the segment and assess their performances, and for which discrete financial information is available.

For purposes of management reporting, the Group's operating businesses are organized and managed separately according to services provided, with each segment representing a strategic business segment. The Group's identified operating segments, which are consistent with the segments reported to the BOD, the Group's CODM, are as follows:

- power segment, which is engaged in power generation and sale of electricity;
- food manufacturing segment, which is engaged in the production of flour and feeds and swine breeding;
- financial services segment, which is engaged in banking and money remittance operations;
- real estate segment, which is engaged in real property development for sale and lease;
- infrastructure segment, which is engaged in the production of cement and other building materials and in the supply of treated bulk water; and
- the parent company and others, which include the operations of the Company and the service provider subsidiaries that cater mainly to the Group.

The Group has only one geographical segment as the bulk of its assets are located in the Philippines. The Group operates and derives principally all of its revenue from domestic operations. Thus, geographical business information is not required.

Management monitors the operating results of its segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue and segment expenses are measured in accordance with Philippine Financial Reporting Standards (PFRS). The presentation and classification of segment revenue and segment expenses are consistent with the consolidated statement of income. Interest expense and financing charges, depreciation and amortization expense and income taxes are managed on a per segment basis.

The Group has inter-segment revenues in the form of management fees as well as inter-segment sales of electricity and other services which are eliminated in consolidation. The transfers are accounted for at competitive market prices on an arm's-length basis.

Segment assets do not include deferred income tax assets, pension asset and other noncurrent assets. Segment liabilities do not include deferred income tax liabilities, income tax payable and pension liability. Adjustments as shown below include items not presented as part of segment assets and liabilities.

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group, and that the revenue can be reliably measured. There is no concentration of significant customers on any of the segments.

Financial information on the operations of the various business segments are summarized as follows:

	January - March 31, 2017							Eliminations	Consolidated
	Power	Financial Services	Food Manufacturing	Real Estate	Infrastructure	Parent Company and Others			
REVENUES									
Third parties	26,791,590	174,826	5,923,928	640,373	-	291,489	-	33,822,206	
Inter-segment	-	-	-	-	-	62,500	(62,500)	-	
Total revenue	26,791,590	174,826.00	5,923,928	640,373	-	353,989	(62,500)	33,822,206	
RESULTS									
Segment results	7,255,565	5,669	315,948	86,122	(15,553)	44,856	-	7,692,607	
Unallocated corporate income (expenses)	(338,065)	4,372	172,919	10,193	-	26,597	-	(123,985)	
INCOME FROM OPERATIONS									7,568,622
Interest Expense	(2,885,113)	(1,522)	(79,156)	(2,652)	-	(379,755)	-	(3,348,198)	
Interest Income	368,539	375	7,278	119	263	102,472	-	479,046	
Share in net earnings of associates	1,342,004	1,085,920	-	(1,745)	94,347	3,769,952	(3,770,382)	2,520,098	
Provision for Income tax	(982,481)	(242)	(123,718)	(8,291)	(53)	(15,955)	-	(1,130,740)	
NET INCOME									6,088,828
OTHER INFORMATION - as of March 31, 2017									
Segment assets	73,646,805	1,245,908	11,909,742	6,116,227	72,155	17,492,666	(5,484)	110,478,020	
Investments and advances	31,406,823	32,102,277	-	1,485,554	25,014,003	93,366,403	(93,602,535)	89,772,525	
Unallocated corporate assets	252,993,271	173,001	7,264,573	8,199,446	122,829	5,342,036	163,743	274,258,899	
Consolidated total assets									474,509,444
Segment liabilities	249,285,792	418,493	14,397,563	5,500,304	19,231	30,565,170	(2,653,270)	297,533,283	
Unallocated corporate liabilities	2,859,823	428,165	195,240	451,818	-	(288,462)	-	3,646,584	
Consolidated total liabilities									301,179,867
January - March 31, 2017									
Capital expenditures									(4,674,189)
Depreciation and amortization	1,808,348	8,651	149,899	16,508	230	35,739	-	2,019,375	

	January - March 31, 2016								
	Power	Financial Services	Food Manufacturing	Real Estate	Infrastructure	Parent Company and Others	Eliminations	Consolidated	
REVENUES									
Third parties	21,341,818	123,783	5,494,403	500,447	-	275,968	-	27,736,419	
Inter-segment	20,410	-	-	-	-	89,500	(109,910)	-	
Total revenue	21,362,228	123,783	5,494,403	500,447	-	365,468	(109,910)	27,736,419	
RESULTS									
Segment results	6,460,103	(19,103)	548,438	63,973	(860)	(48,781)	-	7,003,770	
Unallocated corporate income	776,175	12,473	74,799	8,955	-	52,524	-	924,926	
INCOME FROM OPERATIONS								7,928,695	
Interest Expense	(2,076,584)	(1,099)	(85,210)	(10,415)	-	(389,960)	-	(2,563,268)	
Interest Income	275,259	308	11,754	7,978	148	46,659	-	342,106	
Share in net earnings of associates	897,320	837,141	-	(1,744)	269,068	4,127,716	(4,128,462)	2,001,040	
Provision for Income tax	(983,538)	(665)	(160,124)	(7,410)	(30)	(6,944)	-	(1,158,711)	
NET INCOME								6,549,862	
OTHER INFORMATION - as of December 31, 2016									
Segment assets	73,649,187	1,044,046	7,863,363	5,777,703	106,810	18,062,204	(924,487)	105,578,826	
Investments and advances	30,595,989	30,183,220	-	1,487,299	24,919,655	97,268,613	(97,504,315)	86,950,461	
Unallocated corporate assets	250,531,059	181,305	7,165,361	8,042,819	108,058	5,355,296	163,865	271,547,764	
Consolidated total assets								464,077,051	
Segment liabilities	241,201,028	226,242	10,689,191	5,074,129	23,772	32,125,426	(1,258,683)	288,081,105	
Unallocated corporate liabilities	1,945,775	243,259	68,830	446,523	-	(104,062)	-	2,600,325	
Consolidated total liabilities								290,681,430	
January - March 31, 2016									
Capital expenditures								(7,007,624)	
Depreciation and amortization	1,410,338	-	115,489	8,743	-	50,681	-	1,585,251	

J. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, AFS investments, bank loans, long-term debt, obligations under finance lease and non-convertible, cumulative, redeemable preferred shares. The main purpose of these financial instruments is to raise finances for the Group's operations and its investments in existing subsidiaries and associates and in new projects. The Group has other financial assets and liabilities such as trade and other receivables, trade and other payables and customer deposits which arise directly from operations.

The Group also enters into derivative transactions, particularly foreign currency forwards, to economically hedge its foreign currency risk from foreign currency denominated liabilities and purchases.

Risk Management Structure

The BOD is mainly responsible for the overall risk management approach and for the approval of risk strategies and principles of the Group.

Financial Risk Committee

The Financial Risk Committee has the overall responsibility for the development of risk strategies, principles, frameworks, policies and limits. It establishes a forum of discussion of the Group's approach to risk issues in order to make relevant decisions.

Treasury Service Group

The Treasury Service Group is responsible for the comprehensive monitoring, evaluating and analyzing of the Group's risks in line with the policies and limits.

The main risks arising from the Group's financial instruments are interest rate risk resulting from movements in interest rates that may have an impact on outstanding long-term debt; credit risk involving possible exposure to counter-party default on its cash and cash equivalents, AFS investments and trade and other receivables; liquidity risk in terms of the proper matching of the type of financing required for specific investments; and foreign exchange risk in terms of foreign exchange fluctuations that may significantly affect its foreign currency denominated placements and borrowings.

Market Risk

The risk of loss, immediate or over time, due to adverse fluctuations in the price or market value of instruments, products, and transactions in the Group's overall portfolio (whether on or off-balance sheet) is market risk. These are influenced by foreign and domestic interest rates, foreign exchange rates and gross domestic product growth.

Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund raising activities. As of March 31, 2017, 20.34% of the Group's long-term debt had floating interest rates ranging from 1.85% to 3.0%, and 79.66% are with fixed rates ranging from 3.50% to 7.65%. As of December 31, 2016, 20.50% of the Group's long-term debt had floating interest rates ranging from 1.65% to 3.0%, and 79.50% are with fixed rates ranging from 3.50% to 7.65%.

The following tables set out the carrying amounts, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

As of March 31, 2017

	Less than 1 year	1-5 years	More than 5 years	Total
Long-term debts				
Floating rate	1,323,299	36,092,135	2,106,828	39,522,262
	1,323,299	36,092,135	2,106,828	39,522,262

As of December 31, 2016

	Less than 1 year	1-5 years	More than 5 years	Total
Long-term debts				
Floating rate	1,705,889	38,308,318	-	40,014,207
	1,705,889	38,308,318	-	40,014,207

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. The other financial instruments of the Group that are not included in the above tables are either fixed-rate or non-interest bearing, and are therefore not subject to interest rate risk. Its derivative assets and liabilities are subject to fair value interest rate risk.

The interest expense and other finance charges recognized according to source are as follows:

	January-March 2017	January-March 2016
Finance lease obligation	1,394,279	1,466,055
Long term debt	1,897,861	1,009,270
Bank loans	47,965	51,737
Customers' deposits	886	228
Long-term obligation on PDS and others	7,206	35,978
	3,348,198	2,563,268

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) as of March 31, 2017 and 2016:

	Increase (decrease) in basis points	Effect on income before tax
March 31, 2017	200	-194,904
	(100)	97,452
March 31, 2016	200	-8,118
	(100)	4,059

The Group's sensitivity to an increase/decrease in interest rates pertaining to derivative instruments is expected to be insignificant during the first three months of 2017 and 2016 due to their short-term maturities and immateriality relative to the total assets and liabilities of the Group.

There is no other impact on the Group's equity other than those already affecting the consolidated statement of income.

Foreign exchange risk

The foreign exchange risk of the Group pertains significantly to its foreign currency denominated borrowings, including obligations under finance lease. To mitigate the risk of incurring foreign exchange losses, foreign currency holdings are matched against the potential need for foreign currency in financing equity investments and new projects. As of March 31, 2017 and December 31, 2016, foreign currency denominated borrowings account for 32.96% and 33.75%, respectively, of total consolidated borrowings.

	March 31, 2017		December 31, 2016	
	US Dollar	Philippine Peso equivalent ¹	US Dollar	Philippine Peso equivalent ²
Loans and receivables:				
Cash and cash equivalents	\$ 143,146	7,180,216	\$ 43,569	2,166,248
Trade and other receivables	4,541	227,762	3,260	162,092
AFS investments	6,780	340,085	6,419	319,153
Derivative assets	3,185	159,748	1,098	54,595
Total financial assets	157,652	7,907,811	54,346	2,702,088
Other financial liabilities:				
Bank loans ³	10,712	537,305	7,066	351,328
Trade and other payables	6,302	316,119	30,731	1,527,962
Long-term debt	625,334	31,366,741	625,456	31,097,672
Finance lease obligation	546,763	27,425,632	555,448	27,616,875
Total financial liabilities	1,189,111	59,645,797	1,218,701	60,593,836
Total net financial liabilities	\$ (1,031,459)	(51,737,987)	\$ (1,164,355)	(57,891,748)

¹USD1 = P50.16

²USD1 = P49.72

³The original currency of these loans is Vietnamese Dong.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates, with all other variables held constant, of the Group's profit before tax as of March 31, 2017 and December 31, 2016.

	Increase/ (decrease) in US Dollar	Effect on income before tax
March 31, 2017		
US Dollar denominated accounts	US Dollar strengthens by 5%	(2,586,899)
US Dollar denominated accounts	US Dollar weakens by 5%	2,586,899
December 31, 2016		
US Dollar denominated accounts	US Dollar strengthens by 5%	-2,894,587
US Dollar denominated accounts	US Dollar weakens by 5%	2,894,587

The increase in US dollar rate represents the depreciation of the Philippine peso while the decrease in US dollar rate represents appreciation of the Philippine peso.

There is no other impact on the Group's equity other than those already affecting the consolidated statement of income.

Equity price risk

Equity price risk is the risk that the fair value of traded equity instruments decrease as the result of the changes in the levels of equity indices and the value of the individual stocks.

As of March 31, 2017 and December 31, 2016, the Group's exposure to equity price risk is minimal.

Credit risk

For its cash investments, AFS investments and receivables, the Group's credit risk pertains to possible default by the counterparty, with a maximum exposure equal to the carrying amount of these assets. With respect to cash and AFS investments, the risk is mitigated by the short-term and or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions of high credit standing. With respect to receivables, credit risk is controlled by the application of credit approval, limit and monitoring procedures. It is the Group's policy to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures.

Liquidity risk

Liquidity risk is the risk that an entity in the Group will be unable to meet its obligations as they become due. The Group manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows, making use of a centralized treasury function to manage pooled business unit cash investments and borrowing requirements.

Currently, the Group is maintaining a positive cash position, conserving its cash resources through renewed focus on working capital improvement and capital reprioritization. The Group meets its financing requirements through a mixture of cash generated from its operations and short-term and long-term borrowings. Adequate banking facilities and reserve borrowing capacities are maintained.

The Group is in compliance with all of the financial covenants per its loan agreements, none of which is expected to present a material restriction on funding or its investment policy in the near future. The Group has sufficient undrawn borrowing facilities, which could be utilized to settle obligations.

In managing its long-term financial requirements, the policy of the Group, is that not more than 25% of long term borrowings should mature in any twelve-month period. As of March 31, 2017 and December 31, 2016, the portion of the total long-term debt, inclusive of customers' deposits, that will mature in less than one year is 4.18% and 4.19%, respectively. For its short-term funding, the policy of the Group is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Cash and cash equivalents and trade and other receivables, which are all short-term in nature, have balances of P67.0 billion and P20.7 billion as of March 31, 2017 and P63.9 billion and P21.7 billion as of December 31, 2016, respectively. These financial assets will be used to fund short-term and operational liquidity needs of the Group.

The table below analyses the financial liabilities of the Group into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity. The amounts disclosed in the table are the contractual undiscounted cash flows.

March 31, 2017

	Total Carrying Value	Contractual undiscounted payments				
		Total	On demand	> 1 year	1 to 5 years	> 5 years
Trade and other payables*	17,743,946	17,743,946	194,387	17,304,276	231,106	14,177
Customers' deposits	7,566,964	7,566,964	-	-	49,519	7,517,445
Bank loans	13,051,405	13,051,405	-	13,051,405	-	-
Long-term debt	194,276,891	206,967,224	-	9,181,663	93,748,157	104,037,404
Finance lease obligation	51,807,228	80,294,880	-	8,098,200	38,429,640	33,767,040
Long-term obligation on power distribution system	244,454	440,000	-	40,000	200,000	200,000
Dividends payable	7,492,944	7,492,944	-	7,492,944	-	-
Derivative liability	302,638	302,638	-	131,109	171,529	-
Total	292,486,470	333,860,002	194,387	55,299,597	132,829,951	145,536,066

*Excludes statutory liabilities

December 31, 2016

	Total Carrying Value	Contractual undiscounted payments				
		Total	On demand	> 1 year	1 to 5 years	> 5 years
Trade and other payables*	18,757,325	18,757,325	233,245	18,278,797	231,106	14,177
Customers' deposits	7,040,347	7,040,347	-	-	33,648	7,006,699
Bank loans	8,259,028	8,267,154	2,559,500	5,707,654	-	-
Long-term debt	195,232,023	220,807,423	-	12,312,633	98,696,279	109,798,511
Finance lease obligation	52,340,204	82,133,660	-	8,061,900	36,938,160	37,133,600
Long-term obligation on power distribution system	237,248	440,000	-	40,000	200,000	200,000
Derivative liability	360,877	360,877	-	127,442	233,435	-
Total	282,227,052	337,806,786	2,792,745	44,528,425	136,332,628	154,152,987

*Excludes statutory liabilities

Capital management

Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements.

No changes were made in the objectives, policies or processes during the periods ended March 31, 2017 and December 31, 2016.

Certain entities within the Group that are registered with the Board of Investments are required to raise minimum amount of capital in order to avail of their registration incentives. As of March 31, 2017 and December 31, 2016, these entities have complied with this requirement as applicable.

The Group monitors capital using a gearing ratio, which is net debt divided by equity plus net debt. The Group's policy is to keep the gearing ratio at 70% or below at the consolidated level. The Group determines net debt as the sum of interest-bearing short-term and long-term obligations (comprised of long-term debt, obligations under finance lease, redeemable preferred shares and payable to preferred shareholders of a subsidiary) less cash and short-term deposits and temporary advances to related parties.

Gearing ratios of the Group as of March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017	December 31, 2016
Bank Loans	13,051,405	8,259,028
Long-term obligations	246,084,119	247,572,227
Cash and cash equivalents	(69,587,103)	(65,957,528)
Net Debt (a)	189,548,420	189,873,728
Equity	173,329,577	173,395,621
Equity and Net Debt (b)	362,877,997	363,269,349
Gearing Ratio (a/b)	52.23%	52.27%

K. Financial Instruments

Fair Value of Financial Instruments

Fair value is defined as the amount at which the financial instrument could be sold in a current transaction between knowledgeable willing parties in an arm's length transaction, other than in a forced liquidation or sale. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate.

A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. For a financial instrument with an active market, the quoted market price is used as its fair value. On the other hand, if transactions are no longer regularly occurring even if prices might be available and the only observed transactions are forced transactions or distressed sales, then the market is considered inactive. For a financial instrument with no active market, its fair value is determined using a valuation technique (e.g. discounted cash flow approach) that incorporates all factors that market participants would consider in setting a price.

Set out below is a comparison by category of carrying amounts and fair values of the Group's financial instruments whose fair values are different from their carrying amounts.

	March 31, 2017		December 31, 2016	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Finance lease obligation	51,807,228	48,101,587	52,340,204	49,699,074
Long-term debt - fixed rate	154,754,629	152,694,537	155,217,817	155,854,200
Long-term obligation on PDS	244,454	357,297	237,248	414,135
Total	206,806,311	201,153,421	207,795,269	205,967,409

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, trade and other receivables, bank loans and trade and other payables

The carrying amounts of cash and cash equivalents, trade and other receivables, and trade and other payables approximate fair value due to the relatively short-term maturity of these financial instruments.

Obligations under finance lease. The fair value of the finance lease obligation was calculated by discounting future cash flows using applicable interest rates. The disclosed fair value is determined using Level 3 inputs.

Fixed-rate borrowings. The fair value of fixed rate interest-bearing loans is based on the discounted value of future cash flows using the applicable rates for similar types of loans. The disclosed fair value is determined using Level 3 inputs.

Floating-rate borrowings. Since repricing of the variable-rate interest bearing loan is done on a quarterly basis, the carrying value approximates the fair value.

Long-term obligation on PDS. The fair value of the long-term obligations on power distribution system is calculated by discounting expected future cash flows at prevailing market rates. The disclosed fair value is determined using Level 3 inputs.

Customers' deposits. The fair value of bill deposits approximates the carrying values as these deposits earn interest at the prevailing market interest rate in accordance with regulatory guidelines. The timing and related amounts of future cash flows relating to transformer and lines and poles deposits cannot be reasonably and reliably estimated for purposes of establishing their fair values using an alternative valuation technique.

Redeemable preferred shares. The fair values of the redeemable preferred shares are based on the discounted value of future cash flows using the applicable rates for similar types of borrowings.

AFS investments. The fair values of AFS investments are based on quoted market prices, except for unquoted equity shares which are carried at cost since fair values are not readily determinable.

Derivative financial instruments

The fair value is calculated by reference to prevailing interest rate differential and spot exchange rate as of valuation date, taking into account its remaining term to maturity. The disclosed fair value is determined using Level 2 inputs.

The Group enters into non-deliverable short-term forward contracts with counterparty banks to manage its foreign currency risks associated with foreign currency-denominated liabilities and purchases.

The Group also enters into an interest rate swap agreement to fully hedge its floating rate exposure on its foreign currency-denominated loan and par forward contracts to hedge the floating rate exposure on foreign-currency denominated payments.

As of March 31, 2017 and December 31, 2016, the Group recognized net derivative assets relating to these contracts amounting to P703 million and P805 million, respectively.

The movements in fair value changes of all derivative instruments for the year ended March 31, 2017 and December 31, 2016 are as follows:

	March 31, 2017	December 31, 2016
At beginning of period	805,310	563,366
Additions due to business combination		523,752
Net changes in fair value of derivatives designated as accounting hedges	157,882	36,859
Net changes in fair value of derivatives not designated as accounting hedges	(171,095)	(127,039)
Fair value of settled instruments	(89,050)	(191,628)
At end of period	703,047	805,310

The losses from the net fair value changes of derivatives not designated as accounting hedges are included as "Net foreign exchange losses" under "Other income - net". The changes in the fair value of derivatives designated as accounting hedges are deferred in equity under "Cumulative translation adjustments."

Fair Value Hierarchy

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data

As of March 31, 2017 and December 31, 2016, the Group held the following financial instruments that are measured and carried or disclosed at fair value:

March 31, 2017

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
AFS investments	258,914	258,914	-	-
Derivative asset	1,005,685	-	1,005,685	-
Derivative liability	302,638	-	302,638	-
Disclosed at fair value:				
Obligations under finance lease	48,101,587	-	-	48,101,587
Long-term debt - fixed rate	152,694,537	-	-	152,694,537
Long-term obligation on PDS	357,297	-	-	357,297

December 31, 2016

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
AFS investments	233,765	233,765	-	-
Derivative asset	1,166,187	-	1,166,187	-
Derivative liability	360,877	-	360,877	-
Disclosed at fair value:				
Obligations under finance lease	49,699,074	-	-	49,699,074
Long-term debt - fixed rate	155,854,200	-	-	155,854,200
Long-term obligation on PDS	414,135	-	-	414,135

During the periods ended March 31, 2017 and December 31, 2016, there were no transfers between level 1 and level 2 fair value measurements and transfers into and out of level 3 fair value measurement.

L. Disclosures

1. Company Information

Aboitiz Equity Ventures, Inc. (the Company) was originally incorporated in the Philippines as Cebu Pan Asian Holdings, Inc. and registered with the Securities and Exchange Commission on September 11, 1989. The Company changed its corporate name to the present one on December 29, 1993 and its ownership was opened to the general public through an initial public offering of its shares on November 16, 1994.

The Company and its subsidiaries (collectively referred to as the "Group") are engaged in various business activities mainly in the Philippines, including power generation and distribution, food manufacturing, banking and financial services, and real estate development. The Company is the publicly-listed holding and management company of the Group. The parent and the ultimate parent of the Company is Aboitiz & Company, Inc. (ACO).

The registered office address of the Company is 32nd Street, Bonifacio Global City, Taguig City, Metro Manila, Philippines.

2. Basis of Financial Statement Preparation and Changes in Accounting Policies

Basis of Financial Statement Preparation

The accompanying unaudited condensed consolidated financial statements include the accounts of the Company and its subsidiaries collectively referred to as "Group".

The unaudited condensed consolidated financial statements are prepared in compliance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2016 annual audited consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of and for the year ended December 31, 2016.

The preparation of the financial statements in compliance with PFRS requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The estimates and assumptions used in the accompanying unaudited condensed consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the unaudited condensed consolidated financial statements. Actual results could differ from such estimates.

The unaudited condensed consolidated financial statements are presented in Philippine peso, the Group's functional currency, and all values are rounded to the nearest thousands, except for earnings per share and exchange rates and as otherwise indicated.

On May 2, 2017, the Audit Committee of the Board of Directors of the Company approved and authorized the release of the accompanying unaudited condensed consolidated financial statements of the Group.

Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except for the new and revised standards and Philippine Interpretations which were applied starting January 1, 2017. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Except as otherwise indicated, adoption of the following new and amended standards and interpretations did not have any significant impact on the Group's consolidated financial statements:

- Amendments to PAS 7, Statement of Cash Flows, Disclosure Initiative
The amendments to PAS 7 require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. Early application of the amendments is permitted.

The Group is not required to provide additional disclosures in its condensed interim consolidated financial statements, but will disclose additional information in its annual consolidated financial statements for the year ended December 31, 2017.

- Amendment to PFRS 12, Clarification of the Scope of the Standard (Part of Annual Improvements to PFRSs 2014-2016 cycle)
The amendments clarify that the disclosure requirements in PFRS 12, other than those relating to summarized financial information, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale.

- Amendments to PAS 12, Income Taxes, Recognition of Deferred Tax Assets for Unrealized Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognized in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

3. Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and the subsidiaries listed in the following table.

Nature of Business	MARCH 31, 2017		DECEMBER 31, 2016	
	Direct	Indirect	Direct	Indirect
Aboitiz Power Corporation (AP) and Subsidiaries	76.88%	–	76.88%	–
Aboitiz Energy Solutions, Inc. (AESI)	–	100%	–	100%
Balamban Enerzone Corporation (BEZ)	–	100	–	100
Lima Enerzone Corporation (LEZ)	–	100	–	100
Mactan Enerzone Corporation (MEZ)	–	100	–	100
East Asia Utilities Corporation (EAUC)	–	100	–	100
Subic Enerzone Corporation (SEZ)	–	100	–	100
Cotabato Light & Power Co., Inc. (CLP)	–	99.94	–	99.94
Cotabato Ice Plant, Inc.	–	100	–	100
Davao Light & Power Co., Inc. (DLP)	–	99.93	–	99.93
Visayan Electric Company (VECO)	–	55.26	–	55.26
Aboitiz Renewables Inc. (ARI) and Subsidiaries	–	100	–	100
AP Renewables, Inc. (APRI)	–	100	–	100
Hedcor, Inc. (HI)	–	100	–	100
Hedcor Mt. Province, Inc. *	–	100	–	100
Hedcor Benguet, Inc. (BHI) *	–	100	–	100
Hedcor Bukidnon, Inc. *	–	100	–	100
Hedcor Cordillera, Inc. *	–	100	–	100
Hedcor Ifugao, Inc. *	–	100	–	100
Hedcor Kalinga, Inc. *	–	100	–	100
Hedcor Itogon, Inc. *	–	100	–	100
Hedcor Manolo Fortich, Inc. *	–	100	–	100
Hedcor Sabangan, Inc. *	–	100	–	100
Hedcor Sibulan, Inc. (HSI)	–	100	–	100
Hedcor Tamugan, Inc. (HTI) *	–	100	–	100
Hedcor Tudaya, Inc. (Hedcor Tudaya)	–	100	–	100
Kookaburra Equity Ventures, Inc.	–	100	–	100
Mt. Apo Geopower, Inc. *	–	100	–	100
Cleanergy, Inc. (CI) *	–	100	–	100
Hydro Electric Development Corporation (HEDC)	–	99.97	–	99.97
Luzon Hydro Corporation (LHC)	–	100	–	100
Bakun Power Line Corporation *	–	100	–	100
AP Solar Tiwi, Inc. *	–	100	–	100
Aseagas Corporation (Aseagas) *	–	100	–	100
Cordillera Hydro Corporation (CHC) *	–	100	–	100
Negron Cuadrado Geopower, Inc. (NCGI) *	–	100	–	100
Tagoloan Hydro Corporation *	–	100	–	100
Therma Power, Inc. (TPI) and Subsidiaries	–	100	–	100
Abovant Holdings, Inc. (AHI)	–	60	–	60
Therma Power - Visayas, Inc. (TPVI) *	–	100	–	100
Therma Luzon, Inc. (TLI)	–	100	–	100
Therma Marine, Inc. (Therma Marine)	–	100	–	100
Therma Mobile, Inc. (Therma Mobile)	–	100	–	100
Therma South, Inc. (TSI) *	–	100	–	100
Therma Central Visayas, Inc. (TCVI) *	–	100	–	100
Therma Southern Mindanao, Inc. (TSMI) *	–	100	–	100
Therma Subic, Inc. (Therma Subic) *	–	100	–	100
Therma Mariveles Holdings L.P.	–	100	–	100
Therma Mariveles, LLC	–	100	–	100
Therma Mariveles Consulting Services, LLC	–	100	–	100
Therma Mariveles Holding Cooperatief U.A.	–	100	–	100
Therma Mariveles Camaya B.V.	–	100	–	100
Therma Mariveles Holdings, Inc.	–	100	–	100
GNPower Mariveles Coal Plant Ltd. Co. (GMCP)	–	100	–	100
Therma Dinginin L.P.	–	100	–	100
Therma Dinginin, LLC	–	100	–	100
Therma Dinginin Offshore Services Inc.	–	100	–	100
Therma Dinginin Holding Cooperatief U.A.	–	100	–	100
Therma Dinginin B.V.	–	100	–	100
Therma Dinginin Holdings, Inc.	–	100	–	100
Therma Visayas, Inc. (TVI) *	–	80	–	80
AboitizPower International Pte. Ltd.	100	–	100	–
Adventenergy, Inc. (AI)	–	100	–	100
Cebu Private Power Corporation (CPPC)	–	60	–	60
Prism Energy, Inc. (PEI) *	–	60	–	60
Pilmico Foods Corporation (PILMICO) and Subsidiaries	100	–	100	–
Fil-Agri Holdings, Inc.	–	100	–	100
Pilmico Animal Nutrition Corporation (PANC)	–	100	–	100
Fil-Agri, Inc.	–	100	–	100
AboitizLand, Inc. (AboitizLand) and Subsidiaries	100	–	100	–
Cebu Industrial Park Developers, Inc. (CIPDI)	–	60	–	60
Misamis Oriental Land Development, Inc. (MOLDC)	–	60	–	60
Propiedad del Norte, Inc. (PDNI)	–	100	–	100
Lima Land, Inc (LLI) and Subsidiaries	–	100	–	100
Lima Water Corporation (LWC)	–	100	–	100
AEV International Pte. Ltd (AEV International) and Subsidiaries	100	–	100	–
Pilmico International Pte. Ltd (Pilmico International) and Subsidiary	–	100	–	100
Pilmico VHF Joint Stock Company	–	100	–	100
Pilmico Viet Nam Trading Company, Ltd.	–	100	–	100
Archipelago Insurance Pte Ltd (AIPL)	100	–	100	–
Aseagas Corporation (Aseagas) *	–	–	–	–
AEV Aviation, Inc. (AEV Aviation)	73.31	26.69	73.31	26.69
AEV Properties, Inc. *	100	–	100	–
Cebu Praedia Development Corporation (CPDC)	100	–	100	–
PETNET, Inc. (PETNET)	51	–	51	–
Aboitiz Infracapital, Inc.	100	–	100	–
Apo Agua Infraestructura, Inc. *	23.21	46.79	23.21	46.79

** No commercial operations as of December 31, 2016 and December 31, 2015.*

4. Seasonality of Interim Operations

Operations of hydropower plants are generally affected by climatic seasonality. Seasonality and location have a direct effect on the level of precipitation. In Luzon where rainy and summer seasons are more pronounced, higher rainfall is normally experienced in the months of June to September. As such, the hydropower plants located in Luzon operate at their maximum capacity during this period. In contrast, the hydropower plants in Mindanao experience a well distributed rainfall throughout the year, with a slightly better precipitation during the months of December to April. This provides continuous water flow and thus makes it favorable to all 'run-of-river' hydropower plants' operations.

Any unexpected change in the seasonal aspects will have no material effect on the Group's financial condition or results of operations. During and as of the end of the current interim period, no seasonal aspect had any material effect on the Group's results of operations or financial condition.

5. Property, Plant and Equipment, Land and Improvements and Investment Properties

During the first three months of 2017, additions to property, plant and equipment (PPE) totalled P4.67 billion. A significant portion of the Group's PPE relates to various projects under "Construction in progress" as of March 31, 2017 and December 31, 2016, as shown below:

Project Company	Estimated costs to complete (in millions)		Estimated costs to complete (in millions)	
	% of completion		% of completion	
	March 31, 2017	Dec 31, 2016	March 31, 2017	Dec 31, 2016
TVI	15,464	17,813	60%	54%
Hedcor Bukidnon	5,622	6,229	50%	45%
PEC	8,273	8,614	63%	61%

For the current period, construction costs for the various projects reached P3.68 billion, which includes capitalized borrowing costs amounting to P677 million.

Additions to land and improvements amounted to P37 million, representing AboitizLand's purchase of various lots for future development.

6. Material Events and Changes

a. AEV Dividend Declaration and Retained Earnings Appropriation

To comply with the requirements of Section 43 of the Corporation Code, on March 7, 2017, the Board of Directors (BOD) of the Company approved the following:

i.) Declaration of a regular cash dividend of P1.33 per share (P7.49 billion) to all stockholders of record as of March 21, 2017. These dividends will be taken out of the unrestricted retained earnings as of December 31, 2016, and will be paid on April 10, 2017. Said declaration is in compliance with the Company's policy of distributing a regular dividend equivalent to at least 33% of previous year's consolidated net income.

ii.) b. Reversal of P1.095 billion retained earnings appropriations for funding of additional capital infusions into the following investees (amounts in thousand pesos):

Investee	Project to be Funded	Board Approval Date	Estimated Project Start Date	Estimated Project Completion Date	Appropriation (in thousands)	Status of Capital Infusion as of Dec 31, 2016
AboitizLand, Inc. and Subsidiaries	Land Acquisition	July, 2013	1st quarter 2014	End of 4th quarter 2017	500,000	Deferred
Aseagas, Inc.	Plant Construction	March, 2016	Aug, 2014	Start of 3rd quarter 2016	345,000	
Petnet, Inc.	Business Expansion	May, 2015	June, 2015	December, 2016	250,000	Executed
Total					1,095,000	

Except for the above developments and as disclosed in some other portions of this report, no other significant events occurred that would have a material impact on the registrant and its subsidiaries, and no other known trend, event or uncertainty came about that had or were reasonably expected to have a material favorable or unfavorable impact on revenues or income from continuing operations, since the end of the most recently completed fiscal year. There were also no significant elements of income or loss that did not arise from the continuing operations of the registrant and its subsidiaries. Likewise, during and as of the end of the current interim period, there were no other unusual items (due to their nature, size or incidents) that affected liabilities, assets, equity, net income, or cash flows.

Other than those disclosed above, no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons were created during the interim period. There were also no events that would trigger substantial direct or contingent financial obligations or cause any default or acceleration of an existing obligation.

Likewise, there were no other material changes made in such items as: accounting principles and practices, estimates inherent in the preparation of financial statements, status of long-term contracts, changes in the composition of the issuer, and reporting entity resulting from business combinations or dispositions.

Lastly, there were no changes in estimates of amounts reported in prior interim period and financial year that would have a material effect in the current interim period.

7. Events After the Reporting Period

There are no significant events to disclose.

8. Material Adjustments

There were no material, non-recurring adjustments made during the period that would require appropriate disclosures. All other adjustments are of a normal recurring nature.

9. Contingencies

The Group is a party to certain proceedings and legal cases with other parties in the normal course of business. The ultimate outcome of these proceedings and legal cases cannot be presently determined. Management, in consultation with its legal counsels, believes that it has substantial legal and factual bases for its positions and is currently of the opinion that the likely outcome of these proceedings and legal cases will not have a material adverse effect on the Group's financial position and operating results. It is possible, however, that the future results of operations could be materially affected by changes in estimates or in the effectiveness of the strategies relating to these proceedings and legal cases.

AP obtained standby letters of credit (SBLC) and is acting as surety for the benefit of certain subsidiaries and associates in connection with loans and credit accommodations.

M. SCHEDULE OF RELEVANT FINANCIAL RATIOS

	FORMULA	March 31, 2017	December 31, 2016
LIQUIDITY RATIOS			
Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	2.08	2.51
Acid test ratio	$\frac{\text{Cash + Marketable Securities + Accounts Receivable+ Other Liquid Assets}}{\text{Current liabilities}}$	1.70	2.09
SOLVENCY RATIOS			
Debt to equity ratio	$\frac{\text{Total liabilities}}{\text{Total equity}}$	1.74	1.68
Asset to equity ratio	$\frac{\text{Total assets}}{\text{Total equity}}$	2.74	2.68
Net debt to equity ratio	$\frac{\text{Debt - cash \& cash equivalents}}{\text{Total equity}}$	1.09	1.10
Gearing ratio	$\frac{\text{Debt - cash \& cash equivalents}}{\text{Total equity + (Debt - cash \& cash equivalents)}}$	52.23%	52.27%
Interest coverage ratio	$\frac{\text{EBIT}}{\text{Interest expense}}$	3.74	5.08
PROFITABILITY RATIOS			
Operating Margin	$\frac{\text{Operating Profit}}{\text{Total revenues}}$	22.7%	24.84%
Return on Equity*	$\frac{\text{Net income after tax}}{\text{Total equity}}$	n.a.	19.70%

*Ratio marked * is deemed not applicable (n.a.) for the interim reporting period since this will not be comparable to the ratio reported in the previous period.*

"FOR PSE REQUIREMENT"**ABOITIZ EQUITY VENTURES, INC. & SUBSIDIARIES****AGING OF RECEIVABLES****AS OF : MARCH 31, 2017**

(amts in P000's)

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Power	9,334,424	1,069,459	234,481	3,332,837	13,971,201
Food Manufacturing	1,494,284	40,476	24,670	134,345	1,693,775
Real Estate	108,206	103,603	135,324	2,601,109	2,948,242
Financial Services	39,743	723	1,271	17,448	59,185
Infrastructure	0	0	0	0	0
Holding and Others	768,322	93,159	55,054	83,417	999,952
	11,744,979	1,307,420	450,800	6,169,156	19,672,355
Others	2,630,116	33,954	79,595	461,493	3,205,158
	14,375,095	1,341,374	530,395	6,630,649	22,877,513
Less Allowance for Doubtful Accounts					2,067,306
					20,810,207

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AS OF : DECEMBER 31, 2016

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Power	9,558,376	1,463,997	248,961	2,645,350	13,916,684
Food Manufacturing	1,578,389	99,279	61,655	109,305	1,848,628
Real Estate	2,576,381	98,143	178,348	2,293	2,855,165
Financial Services	150,538	0	0	4,490	155,028
Infrastructure	0	0	0	0	0
Holding and Others	1,251,287	59,102	8,186	1,308	1,319,883
	15,114,971	1,720,521	497,150	2,762,746	20,095,388
Others	3,580,533	46,094	43,599	123,392	3,793,618
	18,695,504	1,766,615	540,749	2,886,138	23,889,006
Less Allowance for Doubtful Accounts					1,879,032
					22,009,974

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ACCOUNTS RECEIVABLE DESCRIPTION

Type of Receivable	Nature / Description	Collection
Trade	uncollected billings to customers for sale of power, goods and services	30 - 60 days
Non-Trade	claims, operating cash advances and advances to suppliers & employees	30 - 120 days

NORMAL OPERATING CYCLE

Power Subsidiaries

Distribution - 60 days

Generation - 65 days

Food Subsidiary - 90 days

Real Estate Subsidiary - 30 days

Financial Services Subsidiary - 60 days