aboitiz
Equity Ventures

1 4 NOV 2019

SECURITIES AND EXCHANGE COMMISSION
Secretariat Building, PICC Complex
Roxas Boulevard, Pasay City, 1307

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

via PSE EDGE
PHILIPPINE STOCK EXCHANGE, INC.
PSE Tower, 28th Street, cor. 5th Avenue
Bonifacio Global City, Taguig City

ATTENTION : **MS. JANET A. ENCARNACION**
Head, Disclosure Department

via electronic mail
PHILIPPINE DEALING & EXCHANGE CORP.
Market Regulatory Services Group
29th Floor BDO Equitable Tower
8751 Paseo de Roxas, Makati City

ATTENTION : **ATTY. MARIE ROSE M. MAGALLEN-LIRIO**
Head – Issuer Compliance and Disclosure Department

Gentlemen:

Please see enclosed SEC Form 17-Q (3rd Quarterly Report 2019) of Aboitiz Equity Ventures Inc.

Kindly acknowledge receipt hereof.

Thank you.

Very truly yours,

ABOITIZ EQUITY VENTURES INC.
By:

MANUEL ALBERTO R. COLAYCO
Corporate Secretary TOP

COVER SHEET

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S.E.C. Registration Number

ABOITIZ EQUITY VENTURES INC.

(Company's Full Name)

32ND STREET, BONIFACIO GLOBAL CITY, TAGUIG CITY, METRO MANILA PHILIPPINES

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

Contact Person	Company Telephone Number
MANUEL ALBERTO R. COLAYCO	**(02) 8 886-2338**

Fiscal Year: 12 31 (*Month* *Day*)

FORM TYPE: 17-Q

4th Monday of April

Annual Meeting: 04 22 (*Month* *Day*)

N/A

Secondary License Type, if Applicable

Dept. Requiring this Doc	Amended Articles Number/Section
SEC	N/A

Total No. of Stockholders	Domestic	Foreign
	x	

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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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 **September 30, 2019**

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) 8 886-2800

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 ₱1 Par Value	**5,632,792,557**
Amount of Debt Outstanding (September 30, 2019)	**₱308,529,580,608.00**

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

    Yes [**x**] 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 [**x**] No [ ]

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

Yes [**x**] 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

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 registrant and its subsidiaries:

1. EQUITY IN NET EARNINGS OF INVESTEES

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-SEPT 2019	JAN-SEPT 2018
EQUITY IN NET EARNINGS OF INVESTEES	**7,592,775**	6,505,811
EBITDA	**44,825,568**	45,537,826
CASH FLOW GENERATED:		
Net cash flows from operating activities	**35,281,686**	24,828,524
Net cash flows used in investing activities	**(34,257,579)**	(28,745,580)
Net cash flows used in financing activities	**(19,607,531)**	(13,692,258)
Net Decrease in Cash & Cash Equivalents	**(18,583,424)**	(17,609,314)
Cash & Cash Equivalents, Beginning	**59,033,029**	64,870,214
Cash & Cash Equivalents, End	**41,080,890**	47,816,244
	SEPT 30, 2019	**DEC 31, 2018**
CURRENT RATIO	**1.19**	1.80
DEBT-TO-EQUITY RATIO	**1.74**	1.54

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

Despite the decline in certain KPI values, profitability had been sustained and financial position remained strong and liquid as the management teams of the different businesses effectively handled their respective operations and financial requirements.

Consolidated EBITDA translated into substantial cash inflows coming from subsidiaries' operations and from dividend payments of associates and joint ventures (JVs). These internally-generated funds were then used to partially finance capital expenditures, business acquisitions and cash dividend payments, and to settle maturing financial obligations, with the uncovered portion being funded by debt.

The 2% decrease in consolidated EBITDA was mainly attributed to the increase in the cost of purchased power, lower spot market revenues and lower plant availability of the power generation subsidiaries. The higher share in net earnings of banking associates and improved EBITDA of the Food and Real Estate groups partly offset the overall decline in EBITDA.

With higher total liabilities and lower equity as of the end of the current period, debt-to-equity ratio moved up to 1.74x (versus end-2018's 1.54x). Current ratio declined to 1.19x (versus end-2018's 1.80x) as current liabilities grew while current assets declined.

<u>REVIEW OF JAN-SEPTEMBER 2019 OPERATIONS VERSUS JAN-SEPTEMBER 2018</u>

RESULTS OF OPERATIONS

For the period ended September 30, 2019, AEV and its subsidiaries posted a consolidated net income of ₱15.73 billion, a 9% year-on-year (YoY) decrease. This translated to an earnings per share of ₱2.79 for the period in review. In terms of income contribution, Power Group still accounted for the bulk at 60%, followed by the Financial Services, Food, Real Estate, and Infrastructure Groups at 25%, 6%, 5% and 4%, respectively.

In the first nine months of 2019, the Group generated non-recurring losses of ₱155 million versus ₱407 million in the same period in 2018, mainly representing unrealized foreign exchange (forex) losses in restating dollar-denominated net debt, with the Philippine Peso appreciating against the US Dollar as of end of September 2019 (vis-a-vis peso depreciation as of end of September 2018). Stripping out these one-off items, the Group's core net income for the period amounted to ₱15.88 billion, 10% lower than 2018's ₱17.73 billion. AEV recorded a 2% YoY decrease in consolidated EBITDA for the first nine months of 2019, from ₱45.54 billion to ₱44.83 billion.

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 first nine months of 2019 with an income contribution of ₱10.36 billion, a 19% decrease from last year's ₱12.82 billion. Netting out non-recurring losses recognized during the period, AP's contribution to the Group's core net income decreased by 26% from ₱14.14 billion to ₱10.53 billion.

Power Generation and Retail Electricity Supply Group's bottomline contribution to AEV declined by 18% from ₱11.80 billion to ₱9.73 billion for the first nine months of 2019. Adjusted for non-recurring items, Generation and Retail Electricity Supply Group's core net income contribution decreased by 23% YoY to ₱9.74 billion. This was primarily driven by the higher volume and cost of purchased power, lower spot market revenues, and lower plant availability. In the first half of 2019, AP purchased replacement power, and paid then-prevailing higher spot market prices, due to outages and contracting ahead in preparation for Therma Visayas, Inc.'s incoming capacity. Plant availability for the first nine months of 2019 was lower YoY due to outages from the Group's coal facilities.

AP also recorded lower capacity sold for the period, from 3,169 megawatts (MW) in the first nine months of 2018 to 3,123 MW in the same period in 2019. This was primarily due to lower plant availability.

Power Distribution Group's earnings contribution to AEV decreased by 6% YoY from ₱2.52 billion in the first nine months of 2018 to ₱2.38 billion for the same period in 2019, largely due to the lost margins from the decommissioning of the Bajada power plant in Davao. This decline was partly tempered by the 5% increase in energy sales (4,341 gigawatt-hours [GWh] vs 4,136 GWh in 9M2018), owing to growth in new customers across all segments.

Banking & Financial Services

Income contribution from this industry group increased by 41% YoY, from ₱2.98 billion to ₱4.21 billion for the first nine months of 2019.

On a stand-alone basis, Union Bank of the Philippines (UBP) and its subsidiaries recorded a net income of ₱8.52 billion for the first nine months of 2019, 40% higher compared to the ₱6.08 billion earned in the same period last year. This growth was primarily driven by robust revenues coming from the sustained double-digit growth in earning assets as well as strong trading gains for the first three quarters of 2019.

Food

Income contribution from Food subsidiaries (Philippine-based Pilmico Foods Corporation and its subsidiaries, and foreign-based AEV International Pte. Ltd. (AEVI), which owns 100% of Pilmico International Pte. Ltd. and its subsidiaries (Pilmico International), which includes Gold Coin Management Holdings (GCMH)) decreased by 31% to ₱1.02 billion in the first nine months of 2019 from ₱1.47 billion during the same period in 2018.

For the first three quarters of 2019, Food Group's Philippine subsidiaries reported net income amounting to ₱704 million. The Feeds business segment recorded a net income of ₱307 million during this period, 7% lower YoY due to higher manufacturing costs and operating expenses. The Farms business segment reported a net income of ₱42 million, 91% lower YoY, resulting from decreased margins following increased feeds costs and lower live hog selling prices. Meanwhile, the Flour business segment's net income amounted to ₱450 million, 63% higher YoY on the back of improved selling prices, growth in sales volume, and higher by-product contributions.

Pilmico International delivered a net income of ₱683 million in the first nine months of 2019, 84% higher YoY. This was due to the higher full nine-month income contribution of GCMH, which was acquired during the second quarter of 2018, and Pilmico Vietnam Feeds' increase in margins due to better selling prices and lower raw material cost. AEVI reported a consolidated net income of ₱314 million from the ₱683 million contribution of Pilmico International, which was tempered by the ₱369 million in financing costs related to the acquisition of GCMH.

Real Estate

AboitizLand, Inc. (AboitizLand) and its subsidiaries, reported a consolidated net income of ₱829 million in the first nine months of 2019, 106% higher than the ₱404 million net income recorded in the same period in 2018. This was mainly attributed to the fair valuation gains on investment properties recognized in the third quarter of 2019, which were not present in the same period last year.

Infrastructure

Republic Cement and Building Materials, Inc.'s (Republic) income contribution to AEV for the first nine months of 2019 amounted to ₱631 million, 186% higher than the ₱221 million reported in the same period last year. This was mainly due to improved controls on production costs, increased private sector demand, and the completion of several debottlenecking projects.

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

For the period ended September 30, 2019, consolidated net income allocable to the equity holders of AEV registered a 9% YoY decrease, reaching ₱15.73 billion from ₱17.32 billion during the same period last year.

Operating profit for the current period amounted to ₱24.73 billion, a 15% decrease YoY, as the ₱22.50 billion increase in costs and expenses surpassed the ₱18.06 billion rise in revenues.

Revenues for the first nine months of 2019 rose 13%, from ₱135.25 billion in the same period last year to ₱152.47 billion, due to the increase in Sale of Goods by Food Group which was up 89% or ₱25.46 billion mainly due to the full year-to-date revenue contribution of GCMH and the higher sales recorded by the Philippine-based subsidiaries owing to higher average selling prices and volume of Flour and Feeds.

The above increases were partially offset by the following decreases:

a. Sale of Power – down 5% or ₱5.39 billion mainly from the decrease in revenues due to Therma Marine, Inc.'s (Therma Marine) and Therma Mobile, Inc.'s (Therma Mobile) expiration of contracts with customers, and GNPower Mariveles Coal Plant Ltd. Co.'s (GMCP) and Therma South, Inc.'s (TSI) lower plant availability owing to unplanned outages during the first nine months of 2019. These decreases were partly offset by higher electricity sales of the distribution utilities and fresh revenue contributions from Therma Visayas, Inc. (TVI) and Hedcor Bukidnon, Inc. (Hedcor Bukidnon).
b. Real Estate Revenue - down 29% or ₱849 million mainly due to deferred recognition of industrial lot sales in the first nine months of 2019.
c. Service Fees - down 77% or ₱1.28 billion mainly due to the deconsolidation of the revenue of PETNET in 2019. PETNET was sold to UBP, an associate, towards the end of 2018, and thus, was no longer consolidated starting December 2018.
d. Others - down 36% or ₱55 million substantially due to the lower underwriting revenues recorded by Archipelago Insurance Pte Ltd (AIPL).

Costs and Expenses for the first nine months of 2019 rose 20%, from ₱106.08 billion in the same period last year to ₱127.74 billion, due to the following:

a. Cost of Generated Power – up 4% or ₱1.08 billion mainly attributed to the start of operations of TVI in the first half of 2019, and full first nine months 2019 operations of Hedcor Bukidnon and Pagbilao Energy Corporation (PEC).
b. Cost of Goods Sold by Food Group – up 82% or ₱21.77 billion mainly due to the full year costs of goods sold contribution of GCMH and the higher feeds cost of Farms.

c. Operating Expenses – up 7% or ₱1.47 billion mainly due to the full year-to-date operating expense (opex) contribution of GCMH and the increase in opex contribution of AP group due to the start of operations of TVI and full 9M2019 operations of Hedcor Bukidnon and PEC.

The above increases were partially offset by the following decreases:

a. Cost of Purchased Power – down 7% or ₱2.15 billion as the decrease in the cost of purchased power of the distribution utilities (DU) more than offset the increase in the generation group's cost of purchased power. The DUs' cost was lower as it sourced its power requirements from certain generation subsidiaries of AP during the first nine months of 2019. The rise in generation group's cost of purchased replacement power was due to higher volume on account of outages and advance contracting and the spike in spot market prices during the in the first half of the year.
b. Real Estate Cost - correspondingly dropped by 26% or ₱462 million as sales were down due to deferred recognition of industrial lot sales in the first nine months of 2019.
c. Overhead Expenses - down 40% or ₱50 million mainly due to lower overhead costs incurred by AEV Aviation.

Share in net earnings of associates and JVs increased by 17% YoY (₱7.59 billion vs ₱6.51 billion in the first three quarters of 2018) mainly due to the increase in Net Income after Tax (NIAT) contributions from UBP as a result of higher net interest income, trading gains and service fees, and the improvement in RCBM's net earnings contribution driven by improved control on production costs, higher market prices and increased private sector demand. This was partly offset by the following: i.) SN Aboitiz Power-Magat's (SNAP-Magat) lower NIAT, which was primarily driven by lower volume sold due to lower water levels in the first nine months of 2019 compared to the same period in 2018, and ii.) GN Power Dinginin Ltd. Co.'s (GNPD) lower NIAT substantially due to forex gains recorded in the first nine months of 2018, as against the first nine months of 2019's forex losses.

The decrease in operating profit coupled with higher interest expense was partly offset by higher equity earnings and other income, and as a result, pulled down the Group's overall profitability. Net interest expense increased by ₱2.08 billion or 23% YoY resulting from higher average debt level in the first nine months of 2019.

Other income increased to ₱3.90 billion from ₱1.05 billion in 9M2018, mainly due to the ₱1.31 billion unrealized fair valuation gains on reappraisal of investment properties of the Real Estate Group, as against nil in the same period last year. The ₱149 million forex gains recorded in the current period, as compared to ₱1.33 billion forex losses in the first nine months of 2018, also contributed to the increase in Other Income. This improvement was largely driven by the favorable movements of the Philippine Peso against the US Dollar in the first nine months of 2019 (vis-a-vis peso depreciation in the first nine months of 2018).

Net income attributable to non-controlling interests (NCI) decreased to ₱5.78 billion from ₱7.03 billion in the first nine months of 2018, substantially due to the decrease in consolidated net income of AP and the Group's purchase of the remaining 25% of GCMH in the 2nd quarter of 2019.

AEV's consolidated comprehensive income attributable to equity holders decreased by 39% from ₱22.75 billion in the first nine months of 2018 to ₱13.82 billion in the first nine months of 2019. This decline was mainly due to the drop in AEV's consolidated net income coupled with the negative movement in cumulative translation adjustments and unrealized MTM losses on investments in financial assets of banking associate (vs gains in the same period last year).

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

Assets

Compared to year-end 2018 level, consolidated assets increased 4% to ₱575.61 billion as of September 30, 2019, due to the following:

a. Gross of depreciation expense, the resulting ₱16.45 billion combined growth in Property Plant and Equipment (PPE) and Investment Properties (IP) was mainly due to the following: 1.) ₱2.44 billion on-going construction of AP's power plant; 2.) ₱7.95 billion various capex of Power, Food and Real Estate groups; 3.) ₱4.16 billion recognition of right-of-use (ROU) assets on the Group's leases resulting from the adoption of PFRS 16; 4.) ₱1.31 billion fair valuation gain on revaluation of IP of the Real Estate group; and 5.) first-time consolidation of ₱559 million IP of newly-acquired AboitizLand subsidiaries. The decline in Property Held for Sale (nil vs ₱676 million in 2018) was due to the sale of transmission assets to the NGCP in February 2019.

b. Investments in and Advances to Associates and JVs increased by ₱31.37 billion (₱138.33 billion vs ₱106.96 billion as of December 31, 2018) mainly due to AP's ₱26.5 billion acquisition of AA Thermal, AIC's ₱240 million additional acquisition of Balibago Waterworks System, Inc. (BWSI)I shares, and the recording of ₱7.59 billion share in net earnings of associates and JVs. This increase was partially reduced by the ₱2.33 billion cash dividends received from associates and JVs during the current period and ₱562 million increase in cumulative translation adjustment.

c. Intangible Asset - service concession right increased by 57% (₱5.96 billion vs ₱3.79 billion as of December 31, 2018) mainly due to the capitalized costs incurred in the ongoing construction of the water treatment plant in Davao.

d. Deferred Income Tax Assets increased by 27% (₱2.96 billion vs ₱2.32 billion as of December 31, 2018) mainly due to the corresponding deferred tax benefits recognized by TMO on its net operating loss and TLI on its unrealized forex losses.

e. Other Noncurrent Assets (ONCA) increased by 13% (₱19.25 billion vs ₱17.02 billion as of December 31, 2018) primarily due to the recording of restricted cash by a power subsidiary upon its receipt of proceeds from a damage claim against its contractors, with such claim now under dispute. This was partly offset by the reclassification of VAT inputs to OCA and reversal of prepaid rental against ROU Assets upon adoption of PFRS 16.

The above increases were tempered by the following decreases:

a. Cash & Cash Equivalents decreased by 30% (₱41.08 billion vs ₱59.03 billion as of December 31, 2018) as the funds used for investment acquisitions, capital expenditures, dividend payments and debt servicing exceeded the funds generated from operations and debt availments.

b. Trade and other receivables, inclusive of noncurrent portion, decreased by 6% (₱33.40 billion vs ₱35.36 billion as of December 31, 2018) mainly due to higher collection of receivables of the Power and Food Groups. This was partly offset by the rise in receivables of the Real Estate Group and the Company owing to increase in sales of residential units and corporate services, respectively.

c. Derivative Assets (current and non-current) decreased by 82% (₱54 million vs ₱293 million as of December 31, 2018) mainly due to mark-to-market losses recognized on derivative instruments.

d. Other Current Assets (OCA) decreased by 14% (₱15.67 billion vs ₱18.29 billion as of December 31, 2018) mainly driven by the decrease in TSI's restricted cash. The maintenance of a cash reserve forms part of TSI's compliance with the covenants on its project debt.

Liabilities

Consolidated short-term bank loans increased by 24% (₱33.39 billion vs ₱26.98 billion as of December 31, 2018) mainly due to the additional loans availed by Power and Real Estate Groups to fund working capital requirements. Long-term debt, which includes both current and non-current portions, likewise increased by 7% (₱275.37 billion vs ₱258.54 billion as of December 31, 2018) due to the following: a.) issuance of retail bonds by the Company (₱4.98 billion), b.) additional long-term loan availments by Power Group (₱15.71 billion) and Apo Agua (₱3.13 billion), and c.) recognition of ₱2.94 billion lease liabilities resulting from the adoption of PFRS 16, during the current period. This was partly offset by the settlement of maturing loans and payment of lease amortizations due.

Trade and other payables, inclusive of noncurrent portion, increased by 8%, from ₱37.57 billion to ₱40.49 billion, mainly due to AP Group's receipt of proceeds from a damage claim against contractors, with such claim now under dispute, partly offset by the settlement of the recorded payables related to the PSALM deferred adjustment and payables to contractors and trade suppliers.

Income tax payable increased by 102%, from ₱535 million as of December 31, 2018 to ₱1.08 billion in the first nine months of 2019, mainly due to expiry of income tax holiday of certain power subsidiaries.

Derivative liabilities (current and non-current) increased by 1253% (₱2.19 billion vs ₱162 million as of December 31, 2018). This was mainly due to fair value changes on the Power Group's foreign currency forward contracts and commodity swap contracts.

Customers' deposits increased by 6% (₱6.49 billion vs ₱6.13 billion as of December 31, 2018) mainly due to the growth in the customer base of the power group.

Asset retirement obligation (ARO) increased by 6% from P3.68 billion to P3.88 billion due to the upward revaluation adjustment recognized during the period on this future obligation.

Deferred Income Tax Liabilities (DTL) increased by 12% (₱2.17 billion vs ₱1.94 billion as of December 31, 2018) mainly due to the recognition of the corresponding DTL on the unrealized fair valuation gains on investment properties.

Equity

Equity attributable to equity holders of the parent decreased by 2% from year-end 2018 level of ₱174.69 billion to ₱170.85 billion, mainly due to the recognition under "Acquisition of Non-Controlling Interest" account of the ₱9.94 billion difference between purchase price and fair value of net assets acquired in the acquisition of additional stakes in GCMH and GMCP. The ₱7.44 billion cash dividends paid, ₱1.81 billion movement in CTA and ₱278 million retained earnings adjustment related to PFRS 16 adoption also accounted for the decrease in Equity. These decreases were partly offset by the ₱15.73 billion net income recorded during the current period.

MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

For the period ended September 30, 2019, the Group continued to support its liquidity mainly from cash generated from operations, additional loans availed and dividends received from associates and JVs.

Consolidated cash generated from operating activities in the first nine months of 2019 increased by ₱10.45 billion to ₱35.28 billion mainly due to the higher collection of receivables in the current period and decrease in restricted cash during the first nine months of 2019, as compared to the levels in the same period in 2018, despite the lower growth in earnings before interest, depreciation and amortization (EBIDA).

The current period reported a ₱34.26 billion net cash used in investing activities versus the first nine months of 2018's ₱28.75 billion. This was mainly due to higher cash disbursed on additional investments in associates.

Net cash used in financing activities was ₱19.61 billion versus ₱13.69 billion in the first nine months of 2018. This was largely attributed to the higher funds used to acquire additional stakes in GCMH and GNPD, partially offset by higher debt availed, during the current period as compared to same period last year.

For the period in review, net cash outflows surpassed cash inflows, resulting in a 30% decrease in cash and cash equivalents from ₱59.03 billion as of year-end 2018 to ₱41.08 billion as of September 30, 2019.

FINANCIAL RATIOS

Financial ratios remained healthy. Current ratio stood at 1.19x from year-end 2018's 1.80x as current liabilities grew while current assets declined. Debt-to-equity ratio moved from year-end 2018's 1.54:1 to 1.74:1 at the end of the first nine months of 2019 due to the combined effect of the increase in total liabilities and decrease in equity as of the end of the current period.

Outlook for the Upcoming Year/Known Trends, Events, and Uncertainties Which May Have a Material Impact on Registrant

Based on information provided by UnionBank's Economic Research Unit, AEV expects the Philippines to record a GDP growth rate of 5.9% in 2019 due to: (i) election spending, and (ii) public and private construction supported by strong and continuing public expenditure on infrastructure development projects. AEV believes that it, together with its Strategic Business Units (SBUs), is in a position to take advantage of opportunities emerging from a growing Philippine economy and will continue to sustain the growth of its SBUs over the long-term.

Power SBU

AboitizPower is focused on addressing the needs of its markets, namely: (1) reliable supply, at a (2) reasonable cost, and with (3) minimal impact on the environment and communities. The Company believes that there is no single technology that completely addresses the country's energy requirements. To address the deficiency, a mix of power generation technologies is necessary. Thus, AboitizPower continues to pursue both renewable projects and thermal technologies where and when it makes sense.

Despite increased competition in the power generation market, the Company is confident that it has built the foundation to sustain long term growth, as seen in its pipeline of new projects (see Item 1 Section ii on Generation of Electricity on page 45 of the Company's Definitive Information Statement (2018 SEC Form 20-IS) where target commercial operation dates for each project are discussed per business unit). The Company is well on track to reach the target of 4,000 MW net attributable capacity by 2020, which translates to 23 tera-watt hours (TWh).

AboitizPower recently announced its goal of delivering at least 30 TWh by 2025, and 40 TWh by 2029. This is expected to come from a portfolio of renewables and selective baseload builds. In terms of renewable energy, the Company aims to maximize opportunities coming from the implementation of the Renewable Portfolio Standards (RPS) by the Department of Energy (DOE). RPS is a market-based policy that mandates power distribution utilities, electric cooperatives, and retail electricity suppliers to source an agreed portion of their energy supply from renewable energy facilities, with an aspirational goal of a 35% increase in renewable energy utilization by 2030. The Company will continue to pursue its international aspirations with focus on renewable projects in Vietnam, Indonesia, and Myanmar. With all of these combined, we expect the Company to be at a 50:50 Cleanergy and Thermal energy mix at the end of the next decade.

AboitizPower believes that it is well-positioned to take advantage of opportunities arising from developments in the power industry. Its financial condition is expected to give it the agility to create or acquire additional generating capacity over the next few years.

The Company expects that its existing distribution utilities will continue to realize modest growth. It continuously seeks efficiency and improvements in its distribution utilities' operations in order to maintain healthy margins.

AboitizPower has alloted over ₱50 bn for capital expenditures in 2019, about 80% of which is for thermal projects, and the remaining balance allocated mainly for exploratory and operating activities.

Other known trends, events, uncertainties which may have a material impact on the Registrant have been discussed extensively in sections of the Company's 2018 SEC Form 20-IS (e.g., for an extensive discussion on regulatory issues, see Part 1 Section xi on Effects of Existing or Probable Government Regulations on the Business on page 80 of the Company's 2018 SEC Form 20-IS).

Banking & Financial Services SBU

UnionBank of the Philippines, Inc. ("UnionBank" or the "Bank"), now at the tail-end of its business transformation roadmap - FOCUS 2020, believes it has progressed towards its goal of becoming one of the country's leading retail banks, requiring the Bank to increase its core earning asset base, attain a balanced source of revenue, and shift towards a recurring income business model as it fortifies its balance sheet. Now as it stands, a majority of the Bank's revenues are already recurring in nature - ranging from 83% to 99% in the past 5 years as its loan portfolio continues to grow. In addition, the retail segment already accounted for 45% of the Bank's revenues as of end- September 2019.

UnionBank intends to leverage its core strengths to drive its performance. In order to provide stable returns and predictability in the growth of shareholder value, the Bank utilizes its capital as it shifts from trading to building recurring income by: (i) transforming its branches and building the competence of its sales force to cater to changing customer expectations; (ii) strengthening corporate relationships by providing innovative cash management solutions to anchor clients; (iii) improving processes specifically in building the foundation of the Bank's automation and digital transformation initiatives; (iv) building synergies with its partners in order to expand customer reach, products, and services; (v) leveraging on having a unique UnionBank DNA, focused on building the right culture and organizational capabilities; and (vi) capitalizing on its subsidiaries, such as City Savings Bank (CitySavings), as avenues to further capture the underserved segment for inclusive prosperity.

UnionBank is also embarking on its Dual Transformation Strategy in order to improve its current and future competitive advantages. Through the use of the latest and emerging technology and platforms, the Bank intends to: (i) reposition itself as a Digital Bank - widening its scope into adjacent markets and acquire new skills in key segments; and (ii) search for new business models of the future where banking may become embedded in people's day-to-day lives - to integrate its financial services into ecosystems as part of the customer's digital experience, and not merely a transaction choice.

In the first half of 2019, the Bank formally launched its wholly-owned innovation and technology company, UBX. UBX shall focus on innovation projects such as fintech investments, providing tech services to the clients, thus building ecosystems and platforms. Currently, the Bank introduced three platforms under UBX, namely: Project i2i (financial platform for rural banks), XLog (a logistics platform developed in partnership with Shiptek Solutions, Corp.), and the creation of a Micro Small and Medium Enterprise or MSME lending platform (in partnership with the fintech arm of one of the world's largest financial institutions, Ping An's OneConnect).

Lastly, the Bank continues to scale up its digital customer touchpoints. This includes continuing to enhance the features of the UnionBank Online mobile app, the launch of its improved business banking platform called *"The Portal"*, and the rollout of more Ark/Arklites (digital branches).

For 2019, the Bank believes it will sustain the continued growth of its lending business, which has grown steadily over the past four years. The Bank also believes that CSB's business is stabilizing – delivering thus far an average of ₱5 billion (bn) loan releases in teachers loans per month, and 3,000 motorcycle units in monthly sales.

The Bank's margins have also recovered due to a combination of its repricing efforts and the more benign inflation environment which has led to a series of policy rate cuts. Year-to-date margins are up by ~100bps compared to the levels at the start of 2019. Further improvements may be expected should another rate cut take effect before the end of 2019.

UnionBank has allotted ₱2 bn for capital expenditures in 2019.

Food SBU

Pilmico Foods Corporation ("PFC" or "Pilmico") is AEV's non-listed multinational food subsidiary. It is an integrated food and agribusiness company based in the Philippines with business segments including flour milling, feed milling (with operations in the Philippines and Vietnam), livestock farming, and commodities trading. PFC remains as one of the Philippines' top flour, feeds, and farm players, with a strong track record and nationwide reach. The Food SBU, through Pilmico International Pte. Ltd. ("Pilmico International"), is also one of the largest aqua feed millers in the Mekong Delta in South Vietnam, and also exports flour throughout the ASEAN region.

In July 2018, Pilmico International acquired a 75% equity stake in Gold Coin Management Holdings Limited (GCMH), the parent company of the Gold Coin Group, one of Asia's largest privately-owned agribusiness corporations. In May 2019, Pilmico International acquired the remaining 25% equity stake in GCMH to expand the group's animal feeds business within the ASEAN region. The Gold Coin Group is a major producer of animal feeds, operating 20 livestock and aqua feed mills across seven Asian countries, including South China. The Gold Coin Group focuses on feed quality and consistency, thus enabling it to maintain long-term loyalty of its clients, and enjoy leading market positions in key Asian markets. The acquisition of the Gold Coin Group expanded the Food SBU's and the Aboitiz Group's footprint in the ASEAN region and across the Asia-Pacific market.

Together with the Gold Coin Group, Pilmico International is set to become a comprehensive animal nutrition platform across the ASEAN region, backed by strong competitive advantage in delivering scientifically balanced livestock, aqua feeds, and specialty animal nutrition. Growth in the coming years is expected to be driven by a combination of project developments (capacity expansions) and strategic acquisitions.

The Flour business will employ a two-pronged market strategy of: (i) maximizing growth potential in the Visayas region and Mindanao island, while (ii) building and developing new channels in Luzon through continuous sales efforts. The business likewise intends to move forward in the value chain as it continues selling value-added flour products and potentially expanding into a more diversified product portfolio.

The Farms business is progressing towards a sow-level of 50,000 heads by 2029, supported by a focus on farm expansion and supplemented by contract farming. The expected increase in volume opens up opportunities for the business to increase its market share. This will entail unlocking more distribution channels and achieving forward integration in the value chain (meat fabrication and processing). Meanwhile, the Layers business intends to expand to eventually house 1.3 million (mn) ready-to-lay hens. This expected surge in layers capacity (8x from 2019 levels) will result in a monthly production of 27 mn eggs by 2023.

Feeds Philippines continues to strengthen its market position with additional capacity expansions programmed up to 2026. New expansions of feed mill plants is expected to double volume in ten years. Strategic geographical and product positioning will be key to acquiring and retaining customers in a more competitive market. Furthermore, investments in warehouse and logistics are intended to provide operational agility and improve customer experience.

Likewise, Aqua Feeds Vietnam is expected to gradually step forward to serve emerging opportunities for fingerling feeds in the region. This planned product diversification will be supported by an additional fingerling line in the existing facility. The aqua feeds business proves to be a lucrative industry in Vietnam. Forward integration (i.e. fish processing) is likewise planned to take advantage of the increasing farm-gate prices of fish, such as Pangasius, in the market.

On the other hand, the Gold Coin Group has set forth a robust project pipeline with its growth-focus countries: China and Vietnam.

For China, plans involve expansion of Dongguan Mills with a new fish and hog line facility. The current growth and demand in Southern China have already filled up the existing Dongguan capacities. The same is true with Zhangzhou Mills, the easternmost mill in China, which will require a new pelleting line to meet strong demand. The automation of the finished goods packing lines, which was completed in the third quarter of 2019, will improve efficiencies and lower labor costs in China operations.

For Vietnam, both expansion and business integration activities are planned for 2019. The development of Ha Nam Fish Feed line in North Vietnam is expected to be operational by the end of 2019. Moreover, from successfully integrating Pilmico's Animal Feeds Vietnam into GoldCoin Vietnam in early 2019, the integration of Pilmico's Aqua Feeds operation will follow suit in the late 2019 which will fully integrate Vietnam operations.

Pilmico has allotted ₱6 bn for capital expenditures in 2019.

Infrastructure SBU

Aboitiz InfraCapital (AIC)

AIC remains committed to participating in the Philippine infrastructure space and contributing to the nation’s development.

Airports and Other Infrastructure

AIC is a member of the NAIA Consortium, which was granted Original Proponent Status by the Department of Transportation (DOTr) for its unsolicited proposal on September 10, 2018. The consortium looks forward to being able to provide the much-needed upgrades to the Ninoy Aquino International Airport (NAIA) and complement government efforts to enhance overall passenger experience and improve operational efficiency at the nation’s primary gateway. AIC, together with the other members of the consortium, will continue to work with government through the next steps in the process of getting approval from the National Economic Development Authority (NEDA), in accordance with Republic Act No. 6957, also known as the BOT law.

AIC was also granted Original Proponent Status by the DOTr for its unsolicited proposal to operate and maintain the new Bohol-Panglao International Airport (BPIA) on September 3, 2018. The new international airport located in the island of Panglao has significant growth prospects given Bohol’s strong tourism potential, especially with the international market. The airport has been inaugurated last November 28, 2018 and has an estimated capacity of 2 mn passengers per annum. On November 6, 2019, AIC received Investment Coordination Committee-Cabinet Committee (ICC-CabCom) approval on the proposal for BPIA. Next step for BPIA is to obtain approval of the NEDA Board.

On August 10, 2018, AIC also submitted an unsolicited proposal for the operations, maintenance, and expansion of the Laguindingan Airport in Misamis Oriental, which is the gateway to the Northern Mindanao Development Corridor (NMDC). On February 26, 2019, AIC was granted Original Proponent Status by the Civil Aviation Authority of the Philippines for its unsolicited proposal on Laguindingan Airport. The proposal involves the operations and maintenance, including the much-needed upgrade works, of the Laguindingan Airport. The airport has been operating since 2013 with a design capacity of 1.6 mn passengers per annum. In 2018, passengers are estimated to have already reached 2 mn.

These airport projects are aligned with AIC’s objective to support regional development centers outside of Manila.

On February 7, 2019, AIC signed a Memorandum of Understanding (MOU) with the Department of Information and Communications Technology (DICT). The MOU recognized AIC as a potential common tower provider with the necessary financial and operational capability to build and efficiently power its cell sites, and will also allow AIC to secure contracts with telco operators.

On June 19, 2019, AIC signed a Cooperation Agreement with Frontier Tower Associates. The purpose of the Coop Agreement is to work towards setting up a joint TowerCo. AIC expects to roll out the Towers business by 2020.

Water

Apo Agua Infrastructura, Inc. (Apo Agua)

Apo Agua is the project company owned by AEV and J.V. Angeles Construction Corp. (JVACC), organized to 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 mn liters per day) of treated bulk water to Davao City over a 30-year period.

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 Davao City Bulk Water Supply Project (DCBWSP).

On March 21, 2018, Apo Agua started the preliminary construction works particularly the detailed design, geotechnical survey and soil condition testing.

On November 29, 2018, Apo Agua signed a ₱9.0 bn Omnibus Notes Facility and Security Agreement with a consortium of lender-banks, arranged by BPI Capital Corporation, to finance the construction phase of the DCBWSP.

On February 2019, physical construction has commenced on major project sites such as the hydroelectric power plant and the water treatment plant, the intake facilities in Tamugan River and the raw water pipelines. Installation of treated water pipelines have started in October 2019.

Apo Agua expects to start commercial operations by 2021, allowing it to provide Davao City with a sustainable and much-needed water supply.

LiMA Water Corporation (LWC)

LWC is the exclusive water and wastewater services provider in Lima Technology Park, one of the Philippines' largest industrial parks. LWC is currently building its capability to fully support the expansion plans of Lima Technology Center, which is expected to experience healthy growth in the next several years. From its current capacity of 8 MLD, AIC will increase its capacity by 5 MLD over the next five years.

AIC intends to use its current water portfolio (which also includes a 16% stake in Balibago Waterworks System, Inc.) as a strategic platform to build the Group's water business. It will look into unserved highly-urbanized cities for opportunities to expand its footprint in the water space across the country.

Republic Cement and Building Materials, Inc. (Republic)

Market demand grew modestly in year-to-date September 2019 due to resilient growth in both residential and non-residential markets. The infrastructure segment experienced a slowdown as a result of the delay in government budget approval and election construction ban. The outlook for the remainder of the year remains positive as infrastructure projects pick up and private sector growth remains steady.

Republic production costs remain under control following operational excellence improvement initiatives. The sector is expected to remain competitive with new local capacity and continued imports.

Republic remains focused on serving its key markets throughout the country with high-quality products, while improving efficiencies and reducing costs to best adapt to the challenging environment. The long-term outlook for the construction industry remains strong with public-sector infrastructure projects picking up.

Republic is investing to boost the milling and clinker production capacity of all its integrated plants in Luzon and Mindanao. The debottlenecking projects will increase clinker output in Luzon plants, resulting in a lower delivered cost position, while improving environmental performance.

These investments will enable Republic to increase its cement production capacity by adding state-of-the-art cement milling capacity in both Luzon and Mindanao which assures the continued supply of cement for the local construction sector in support of the current administration's "*Build Build Build"* infrastructure program and the foreseen strong demand for cement in the commercial and residential spaces.

The infrastructure group has allotted ₱16 bn for capital expenditures in 2019 across all its businesses.

Land SBU

Aboitiz Land, Inc. (AboitizLand)

AboitizLand is firmly committed to building and nurturing thriving communities. Keen to execute its growth strategy, AboitizLand looks to further capitalize on the forward momentum of its industrial businesses through the continued acquisition of land in key geographic corridors and the development of complementary recurring businesses and residential communities within these areas. Through this approach, the company not only looks to expand its industrial footprint but also create thriving townships in the future.

In 2019, AboitizLand launched two residential projects in Luzon, *The Villages at Lipa* and *Ajoya Pampanga.* This comes on the heels of the successful launches in 2018 of AboitizLand's two new mid-market residential communities in the North Luzon cluster, *Ajoya Capas* and *Ajoya Cabanatuan*. AboitizLand is confident that through these new and upcoming projects, the company will sustain its growth trajectory and significantly expand its foothold in key geographical corridors through repeatable and well-crafted products.

The Outlets at Lipa continues to demonstrate strong potential for success as occupancy is expected to ramp-up as the year progresses. Meanwhile, construction on LiMa Exchange remains on track with the supermarket and PUV terminal expected to begin operations at the end of the year. Through these, AboitizLand aims to continuously maximize the value footprint in its industrial park while concurrently servicing the needs of the community in Lipa.

In 2019, AboitizLand entered into strategic partnerships to mark its footprint into Metro Manila and Cebu space with:

1) A 50/50 partnership with 78 Point Blue Inc. (Point Blue) to design, develop, and operate integrated microstudio apartment units within the immediate proximity of major business districts in Metro Manila. By the end of the year, AboitizLand will be operating 650 rental units and it has secured additional locations to bring the count to 2,000 units in the next two years.

2) A new joint venture agreement with Cebu Landmasters, Inc. to develop a mid-market, mixed-use, multi-tower condominium development in Mandaue City.

AboitizLand has allotted ₱6 bn for capital expenditures in 2019.

PART II--OTHER INFORMATION

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

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Issuer	**ABOITIZ EQUITY VENTURES INC.**
Principal Accounting Officer	**Melinda R. Bathan**
Signature and Title	**First Vice President and Comptroller**
Date	1 4 NOV 2019
Authorized Officer of the Issuer	**Manuel Alberto R. Colayco**
Signature and Title	**Senior Vice President and Chief Legal Officer/Corporate Secretary/Chief Compliance Officer**
Date	1 4 NOV 2019

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED BALANCE SHEETS

(With Comparative Figures as of December 31, 2018)

(Amounts in thousands)

	September 30, 2019 Unaudited	December 31, 2018 Audited (As restated; Note7)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 4)	**41,080,890**	59,033,029
Trade and other receivables (Notes 5 and 7)	**33,111,793**	35,099,504
Inventories (Note 7)	**22,062,308**	21,977,439
Land and improvements	**2,250,292**	2,340,113
Derivative asset (Note 19)	**8,528**	71,583
Property held for sale	**-**	675,819
Other current assets (Note 6 and 7)	**15,672,990**	18,290,869
Total Current Assets	**114,186,801**	137,488,356
Noncurrent Assets		
Property, plant, and equipment - net (Notes 7 and 21)	**226,518,710**	221,689,945
Investments and advances (Note 8)	**138,330,483**	106,959,557
Goodwill (Note 7)	**56,300,426**	56,361,132
Investment properties - net (Note 21)	**11,623,263**	8,224,667
Intangible asset - service concession rights (Note 21)	**5,958,803**	3,791,377
Deferred income tax assets	**2,956,613**	2,324,773
Trade and other receivables - net of current portion (Note 5)	**284,939**	258,809
Net pension asset	**151,558**	158,575
Derivative asset - net of current portion (Note 19)	**45,217**	221,245
Other noncurrent assets - net (Notes 7 and 9)	**19,253,051**	17,015,634
Total Noncurrent Assets	**461,423,063**	417,005,714
TOTAL ASSETS	**575,609,864**	554,494,070
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans (Note 10)	**33,393,830**	26,978,586
Trade and other payables (Notes 7 and 11)	**32,868,253**	33,870,274
Current portions of:		
Long-term debts (Notes 12 and 13)	**21,447,693**	10,702,974
Lease liabilities (Note 14)	**5,024,860**	4,131,059
Long-term obligation on Power Distribution System (PDS)	**40,000**	40,000
Derivative liability (Note 19)	**1,844,171**	161,565
Income tax payable	**1,080,699**	535,233
Total Current Liabilities	**95,699,506**	76,419,691
Noncurrent Liabilities		
Noncurrent portions of:		
Long-term debts (Notes 12 and 13)	**207,506,777**	200,729,393
Lease liabilities (Note 14)	**41,156,420**	42,763,296
Trade payables (Note 11)	**7,620,126**	3,695,261
Long-term obligation on PDS	**192,887**	173,496
Customers' deposits	**6,485,646**	6,127,788
Asset retirement obligation	**3,884,908**	3,678,810
Deferred income tax liabilities (Note 7)	**2,174,748**	1,942,264
Net pension liability	**477,640**	486,232
Derivative liability - net of current portion (Note 19)	**342,135**	-
Total Noncurrent Liabilities	**269,841,287**	259,596,540
Total Liabilities	**365,540,793**	336,016,231
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
Other equity reserves:		
Gain on dilution	**5,043,152**	5,043,152
Excess of book value over acquisition cost of an acquired subsidiary	**469,540**	469,540
Acquisition of non-controlling interests	**(11,621,412)**	(1,679,549)
Accumulated other comprehensive income:		
Net unrealized mark-to-market gains on investments in financial assets at FVOCI	**-**	143
Cumulative translation adjustments (Note 7)	**(663,294)**	719,792
Actuarial losses on defined benefit plans	**(679,870)**	(676,765)
Share in actuarial losses on defined benefit plans of associates and joint ventures	**(449,662)**	(435,068)
Share in cumulative translation adjustments of associates and joint ventures	**(205,122)**	250,295
Share in net unrealized mark-to-market gains on investments in financial assets at FVOCI of associates	**61,888**	114,527
Retained earnings (Note 20)		
Appropriated	**4,200,000**	4,200,000
Unappropriated	**156,555,343**	148,541,910
Treasury stock at cost	**(565,246)**	(565,246)
	170,853,114	174,690,528
Non-controlling Interests (Note 7)	**39,215,957**	43,787,311
Total Equity	**210,069,071**	218,477,839
TOTAL LIABILITIES AND EQUITY	**575,609,864**	554,494,070

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(Amounts in thousands, except earnings per share amounts)

	For the nine months ended September 30		For the quarter ended September 30	
	2019	2018	**2019**	**2018**
REVENUES (Schedule A. 1.)	**152,468,789**	135,252,276	**49,916,732**	51,879,864
COSTS AND EXPENSES (Schedule A. 2.)	**127,741,037**	106,083,029	**40,521,606**	40,285,399
OPERATING PROFIT	**24,727,752**	29,169,247	**9,395,126**	11,594,465
Share in net earnings of associates and joint ventures (Note 8)	**7,592,775**	6,505,811	**3,967,848**	2,422,390
Interest income	**1,291,819**	1,100,191	**360,467**	424,081
Interest expense (Note 18)	**(12,514,077)**	(10,240,305)	**(4,444,515)**	(3,831,517)
Other income - net (Note 15)	**3,898,412**	1,049,494	**1,535,985**	926,020
INCOME BEFORE INCOME TAX	**24,996,681**	27,584,438	**10,814,911**	11,535,439
PROVISION FOR INCOME TAX	**3,493,510**	3,235,069	**1,903,356**	1,127,855
NET INCOME	**21,503,171**	24,349,369	**8,911,555**	10,407,584
ATTRIBUTABLE TO:				
Equity holders of the parent	**15,727,142**	17,318,735	**6,776,999**	7,232,588
Non-controlling interests	**5,776,029**	7,030,634	**2,134,556**	3,174,996
	21,503,171	24,349,369	**8,911,555**	10,407,584
EARNINGS PER COMMON SHARE (Note 16)				
Basic and diluted, for income for the period attributable to ordinary equity holders of the parent	**2.792**	3.074	**1.203**	1.284

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)

	For the nine months ended September 30		For the quarter ended September 30	
	2019	**2018**	**2019**	**2018**
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	**15,727,142**	17,318,735	**6,776,999**	7,232,588
Non-controlling interests	**5,776,029**	7,030,634	**2,134,556**	3,174,996
	21,503,171	24,349,369	**8,911,555**	10,407,584
OTHER COMPREHENSIVE INCOME (LOSS)(Schedule A. 3.)				
Items that may be reclassified to consolidated statements of income:				
Movement in net unrealized mark-to-market losses on investments in financial assets at FVOCI	**(7,579)**	(9,557)	**-**	(2,493)
Share in movement in net unrealized mark-to-market gains (losses) on investments in financial assets at FVOCI of associates and joint ventures	**(52,640)**	3,367,325	**(53,038)**	3,298,452
Share in movement in cumulative translation adjustments of associates and joint ventures	**(561,582)**	583,953	**(280,942)**	828,981
Movement in cumulative translation adjustments	**(1,812,073)**	2,197,505	**(786,091)**	26,919
	(2,433,874)	6,139,226	**(1,120,071)**	4,151,859
Items that will not be reclassified to consolidated statements of income:				
Movement in actuarial losses on defined benefit plans, net of tax	**(3,105)**	(1,176)	**-**	(2)
Share in movement in actuarial losses on defined benefit plans of associates and joint ventures, net of tax	**(14,597)**	(25,131)	**204**	(2,879)
	(17,702)	(26,307)	**204**	(2,881)
TOTAL COMPREHENSIVE INCOME	**19,051,595**	30,462,288	**7,791,688**	14,556,562
ATTRIBUTABLE TO:				
Equity holders of the parent	**13,818,158**	22,750,946	**5,901,136**	11,121,327
Non-controlling interests	**5,233,437**	7,711,342	**1,890,552**	3,435,235
	19,051,595	30,462,288	**7,791,688**	14,556,562

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2019 and SEPTEMBER 30, 2018
(Amounts in thousands, except dividends per share amounts)

	Capital Stock: Common	Additional Paid-in Capital	Net Unrealized Mark-to-market Gains (Losses) on Investments in Financial Assets at FVOCI	Share in Net Unrealized Mark-to-market Gains (Losses) on Investments in Financial Assets at FVOCI (Note 8)	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates (Note 8)	Actuarial Losses on Defined Benefit Plans	Share in Actuarial Losses on Defined Benefit Plans of Associates (Note 8)	Excess of Book Value over Acquisition Cost of an Acquired Subsidiary	Gain on Dilution	Acquisition of Non-controlling Interests (Notes 7 & 21)	Retained Earnings: Appropriated	Retained Earnings: Unappropriated	Treasury Stock	Total	Non-controlling Interests	Total
Balances at January 1, 2019, as previously reported	5,694,600	13,013,197	143	114,527	719,792	250,295	(676,765)	(435,068)	469,540	5,043,152	(1,679,549)	4,200,000	148,541,910	(565,246)	174,690,528	43,787,311	218,477,839
Effects of adoption of PFRS 16 (Note 2)	-	-	-	-	-	-	-	-	-	-	-	-	(278,423)	-	(278,423)	(94,836)	(373,259)
Balances at January 1, 2019, as restated	5,694,600	13,013,197	143	114,527	719,792	250,295	(676,765)	(435,068)	469,540	5,043,152	(1,679,549)	4,200,000	148,263,487	(565,246)	174,412,105	43,692,475	218,104,580
Net income for the period													15,727,142		15,727,142	5,776,029	21,503,171
Other comprehensive income (loss)																	
Movement of mark-to-market losses on investments in financial assets at FVOCI	-	-	(143)	-	-	-	-	-	-	-	-	-	-	-	(143)	(7,436)	(7,579)
Share in movement of unrealized mark-to-market losse on investments in financial assets at FVOCI of associates	-	-	-	(52,639)	-	-	-	-	-	-	-	-	-	-	(52,639)	(1)	(52,640)
Movement in cumulative translation adjustments	-	-	-	-	(1,383,086)	-	-	-	-	-	-	-	-	-	(1,383,086)	(428,987)	(1,812,073)
Share in movement in cumulative translation adjustment of associates and joint ventures	-	-	-	-	-	(455,417)	-	-	-	-	-	-	-	-	(455,417)	(106,165)	(561,582)
Movement of net actuarial losses on defined benefit plan	-	-	-	-	-	-	(3,105)	-	-	-	-	-	-	-	(3,105)	-	(3,105)
Share in movement of net actuarial losses on defined benefit plan of associates	-	-	-	-	-	-	-	(14,594)	-	-	-	-	-	-	(14,594)	(3)	(14,597)
Total comprehensive income (loss) for the period	-	-	(143)	(52,639)	(1,383,086)	(455,417)	(3,105)	(14,594)	-	-	-	-	15,727,142	-	13,818,158	5,233,437	19,051,595
Excess of acquisition cost over carrying value of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(9,941,863)	-	-	-	(9,941,863)	(1,395,615)	(11,337,478)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,481,723)	(3,481,723)
Cash dividends - P1.32 per share	-	-	-	-	-	-	-	-	-	-	-	-	(7,435,286)	-	(7,435,286)	-	(7,435,286)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(4,832,617)	(4,832,617)
Balances at September 30, 2019	**5,694,600**	**13,013,197**	**0**	**61,888**	**(663,294)**	**(205,122)**	**(679,870)**	**(449,662)**	**469,540**	**5,043,152**	**(11,621,412)**	**4,200,000**	**156,555,343**	**(565,246)**	**170,853,114**	**39,215,957**	**210,069,071**

Attributable to owners of the parent

	Capital Stock: Common	Additional Paid-in Capital	Net Unrealized Mark-to-market Gains (Losses) on Investments in Financial Assets at FVOCI	Share in Net Unrealized Mark-to-market Gains (Losses) on Investments in Financial Assets at FVOCI (Note 8)	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates (Note 8)	Actuarial Losses on Defined Benefit Plans	Share in Actuarial Losses on Defined Benefit Plans of Associates (Note 8)	Excess of Book Value over Acquisition Cost of an Acquired Subsidiary	Gain on Dilution	Acquisition of Non-controlling Interests	Retained Earnings: Appropriated	Retained Earnings: Unappropriated	Treasury Stock	Total	Non-controlling Interests	Total
Balances at January 1, 2018, as previously reported	5,694,600	13,013,197	17,279	(3,237,987)	189,465	(107,913)	(657,754)	(537,099)	469,540	5,043,152	(1,577,073)	1,622,000	135,600,929	(521,132)	155,011,203	38,152,297	193,163,500
Effects of adoption of PFRS 9 (Financial Instruments) and 15 (Revenue from Contracts with Customers)	-	-	-	-	-	-	-	-	-	-	-	-	515,748	-	515,748	-	515,748
Balances at January 1, 2018, as restated	5,694,600	13,013,197	17,279	(3,237,987)	189,465	(107,913)	(657,754)	(537,099)	469,540	5,043,152	(1,577,073)	1,622,000	136,116,677	(521,132)	155,526,951	38,152,297	193,679,248
Net income for the period													17,318,735		17,318,735	7,030,634	24,349,369
Other comprehensive income (loss)																	
Movement of mark-to-market losses on investments in financial assets at FVOCI	-	-	(17,279)	-	-	-	-	-	-	-	-	-	-	-	(17,279)	7,722	(9,557)
Share in movement of unrealized mark-to-market gains on investments in financial assets at FVOCI of associates	-	-	-	3,367,325	-	-	-	-	-	-	-	-	-	-	3,367,325	-	3,367,325
Movement of cumulative translation adjustments	-	-	-	-	1,659,342	-	-	-	-	-	-	-	-	-	1,659,342	538,163	2,197,505
Share in movement of cumulative translation adjustment of associates	-	-	-	-		449,198	-	-	-	-	-	-	-	-	449,198	134,755	583,953
Movement of net actuarial losses on defined benefit plan	-	-	-	-	-	-	(1,176)	-	-	-	-	-	-	-	(1,176)	-	(1,176)
Share in movement of net actuarial losses on defined benefit plan of associates	-	-	-	-	-	-	-	(25,199)	-	-	-	-	-	-	(25,199)	68	(25,131)
Total comprehensive income (loss) for the period	-	-	(17,279)	3,367,325	1,659,342	449,198	(1,176)	(25,199)	-	-	-	-	17,318,735	-	22,750,946	7,711,342	30,462,288
Cash dividends - P1.28 per share	-	-	-	-	-	-	-	-	-	-	-	-	(7,211,254)	-	(7,211,254)		(7,211,254)
Cash dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,370,777)	(6,370,777)
Appropriation during the year	-	-	-	-	-	-	-	-	-	-	-	2,578,000	(2,578,000)	-	-		-
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,279,737	1,279,737
Balances at September 30, 2018	**5,694,600**	**13,013,197**	**0**	**129,338**	**1,848,807**	**341,285**	**(658,930)**	**(562,299)**	**469,540**	**5,043,152**	**(1,577,073)**	**4,200,000**	**143,646,158**	**(521,132)**	**171,066,643**	**40,772,599**	**211,839,242**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

	For the nine months ended September 30		For the quarter ended September 30	
	2019	**2018**	**2019**	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income tax	**24,996,681**	27,584,438	**10,814,910**	11,535,439
Adjustments for:				
Share in net earnings of associates	**(7,592,775)**	(6,505,811)	**(3,967,848)**	(2,422,390)
Depreciation and amortization	**8,443,686**	7,114,379	**3,057,904**	2,538,309
Interest income	**(1,291,819)**	(1,100,191)	**(360,467)**	(424,081)
Interest expense	**12,514,077**	10,240,305	**4,444,515**	3,831,517
Amortization of computer softwares and other intangibles	**64,695**	32,414	**7,079**	(21,039)
Dividend income	**(5,979)**	(16,137)	**(666)**	(485)
Unrealized fair valuation losses (gains) on investments in financial assets at FVTPL	**(29,507)**	19,904	**(72)**	19,904
Unrealized fair valuation losses on derivatives	**23,667**	193,991	**22,440**	(10,313)
Unrealized fair valuation losses (gains) on investment property	**(1,314,018)**	-	**(1,314,018)**	-
Write-off of project costs	**9,954**	-	**1,306**	-
Unrealized foreign exchange loss (gain)	**(976,372)**	1,479,305	**291,562**	(83,668)
Gain on sale of FVTPL, FVOCI & HTC investments	**(921)**	-	**(56)**	-
Loss (gain) on sale of property, plant & equipment	**267,656**	108,624	**(2,770)**	71,309
Operating income before working capital changes	**35,109,025**	39,151,224	**12,993,819**	15,034,502
Decrease (increase) in operating assets	**3,592,044**	(14,420,257)	**4,424,351**	(1,599,626)
Increase (decrease) in operating liabilities	**(154,417)**	3,003,126	**(1,496,473)**	(2,300,178)
Net cash generated from operations	**38,546,652**	27,734,093	**15,921,697**	11,134,698
Income and final taxes paid	**(3,264,966)**	(2,905,568)	**(1,412,383)**	(654,070)
Net cash flows from operating activities	**35,281,686**	24,828,524	**14,509,314**	10,480,628
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash dividends received	**3,006,225**	3,817,217	**45,593**	117,940
Interest received	**1,371,584**	1,211,869	**377,754**	454,404
Disposals of (additions to):				
Investments in financial assets at FVTPL, FVOCI and amortized cost	**(216,207)**	(145,745)	**(260,880)**	92,131
Investments in associates	**(26,760,125)**	(7,229,213)	**(1,272,777)**	(5,979,203)
Property, plant and equipment and investment properties- net	**(9,804,149)**	(9,653,157)	**(4,711,341)**	(3,218,053)
Acquisition through business combination, net of cash acquired	**(381,114)**	(15,972,107)	**(381,114)**	(15,972,107)
Increase in intangible assets	**(2,483,292)**	(727,075)	**(993,543)**	(383,116)
Decrease (increase) in other noncurrent assets	**1,009,500**	(47,369)	**232,317**	(42,178)
Net cash flows used in investing activities	**(34,257,579)**	(28,745,580)	**(6,963,991)**	(24,930,182)
CASH FLOWS FROM FINANCING ACTIVITIES:			**-**	
Net proceeds from (settlements of) bank loans	**6,415,244**	2,433,859	**(1,842,701)**	116,577
Cash dividends paid and other changes to non-controlling interests	**(4,832,617)**	(6,370,777)	**(275,776)**	(2,320,592)
Acquisition of non-controlling interests	**(14,342,852)**	-	**-**	-
Net proceeds from (settlements of) long-term debt	**18,245,019**	10,806,071	**(1,682,882)**	7,648,504
Interest paid	**(10,508,499)**	(6,557,069)	**(4,347,604)**	(3,235,947)
Payments of lease liabilities	**(7,148,540)**	(6,793,088)	**(2,374,962)**	(2,284,425)
Cash dividends paid to equity holders of the parent	**(7,435,286)**	(7,211,254)	**-**	-
Net cash flows used in financing activities	**(19,607,531)**	(13,692,258)	**(10,523,925)**	(75,883)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(18,583,424)**	(17,609,314)	**(2,978,602)**	(14,525,437)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	**631,285**	555,344	**(17,389)**	84,915
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**59,033,029**	64,870,214	**44,076,881**	62,256,766
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**41,080,890**	47,816,244	**41,080,890**	47,816,244

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 and Costs & Expenses, and Tax Effects Relating to Each Component of Other Comprehensive Income

1. Revenues

	For the nine months ended September 30		For the quarter ended September 30	
	2019	2018	**2019**	2018
Sale of:				
Power and electricity	**94,411,531**	99,804,263	**30,577,287**	34,774,809
Goods	**54,105,420**	28,650,064	**18,458,174**	14,971,685
Real estate	**2,129,210**	2,978,619	**701,918**	1,007,449
Fair value of swine	**1,334,107**	1,995,226	**364,667**	627,612
Service fees	**389,947**	1,670,230	**(186,300)**	456,396
Others	**98,575**	153,875	**986**	41,913
	152,468,789	135,252,276	**49,916,732**	51,879,864

2. Costs & Expenses

	For the nine months ended September 30		For the quarter ended September 30	
	2019	2018	**2019**	2018
Cost of purchased power	**27,190,731**	29,336,956	**8,122,909**	10,186,112
Cost of generated power	**26,838,769**	25,760,035	**8,217,248**	8,357,296
Cost of goods sold	**48,290,258**	26,520,255	**16,807,787**	13,925,293
Operating expenses	**24,037,885**	22,570,438	**6,906,847**	7,178,985
Cost of real estate sales	**1,308,949**	1,770,993	**456,734**	598,281
Overhead expenses	**74,445**	124,351	**10,082**	39,431
	127,741,037	106,083,029	**40,521,606**	40,285,399

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

	For the nine months ended September 30, 2019		
	Before-Tax Amount	Tax Benefit	Net-of-Tax Amount
Financial assets at FVOCI:			
Net unrealized valuation losses arising during the period	**(7,579)**	**-**	**(7,579)**
Share in net unrealized mark-to-market losses on investments in financial assets at FVOCI of associates and joint ventures	**(52,640)**	**-**	**(52,640)**
Movement in actuarial losses on defined benefit plans, net of tax	**(4,436)**	**1,331**	**(3,105)**
Exchange differences in translating foreign currency-denominated transactions	**(1,812,073)**	**-**	**(1,812,073)**
Share in movement in actuarial losses on defined benefit plans of associates and joint ventures, net of tax	**(20,853)**	**6,256**	**(14,597)**
Share in movement in cumulative translation adjustments of associates and joint ventures	**(561,582)**	**-**	**(561,582)**
Other comprehensive loss for the period	**(2,459,163)**	**7,587**	**(2,451,576)**

	For the nine months ended September 30, 2018		
	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Financial assets at FVOCI:			
Net unrealized valuation losses arising during the period	(9,557)	-	(9,557)
Share in net unrealized mark-to-market gains on investments in financial assets at FVOCI of associates and joint ventures	3,367,325	-	3,367,325
Movement in actuarial losses on defined benefit plans, net of tax	(1,679)	504	(1,175)
Exchange differences in translating foreign currency-denominated transactions	2,197,505	-	2,197,505
Share in movement in actuarial losses on defined benefit plans of associates and joint ventures, net of tax	(35,902)	10,770	(25,132)
Share in movement in cumulative translation adjustments of associates and joint ventures	583,953	-	583,953
Other comprehensive income for the period	6,101,645	11,274	6,112,919

B. Notes to Consolidated Financial Statements

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, real estate development and infrastructure. 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.

On October 29, 2019, 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.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Financial Statement Preparation

The accompanying unaudited condensed consolidated financial statements as at September 30, 2019 and for the nine-month periods ended September 30, 2019 and 2018 have been prepared using the historical cost basis except for derivative financial instruments, investment in certain debt and equity securities, investment properties and biological assets that are measured at fair value.

The interim condensed consolidated financial statements are presented in Philippine Peso (₱), which is the functional currency of the Parent Company and its Subsidiaries. All amounts are rounded off to the nearest thousand ₱, except when otherwise indicated.

The interim condensed consolidated financial statements have been prepared for inclusion in the prospectus in relation to a planned offering of the Parent Company.

Statement of Compliance

The accompanying unaudited condensed consolidated financial statements as at September 30, 2019 and for the nine-month periods ended September 30, 2019 and 2018 have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's December 31, 2018 annual consolidated financial statements which have been prepared in accordance with Philippine Financial Reporting Standards (PFRSs).

Changes in Accounting Policies and Disclosures

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, 2019. 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:

- PFRS 16, Leases

  PFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under PAS 17, Leases. The standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

  Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

  Lessor accounting under PFRS 16 is substantially unchanged from today's accounting under PAS 17. Lessors will continue to classify all leases using the same classification principle as in PAS 17 and distinguish between two types of leases: operating and finance leases.

  The Group adopted PFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognized at the date of initial application without restating comparative information.

  The Group elected to apply the standard to contracts that were previously identified as leases applying PAS 17. The Group applied the option where the right-of-use asset is equal to the lease liability. The Group did not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17. The Group also elected to use the exemptions proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application, and lease contracts for which the underlying asset is of low value.

The lease liabilities as at January 1, 2019 can be reconciled to the operating lease commitments as of December 31, 2018 as follows:

Operating lease commitments as at December 31, 2018	8,329,656
Incremental borrowing rate as at January 1, 2019	3.40% to 14.51%
Discounted operating lease commitments at January 1, 2019	2,902,392
Less: Commitments relating to short-term leases	(53,879)
Commitments relating to leases of low-value assets	(364)
Non-lease payments excluded from lease payments	(3,761)
Payments in optional extension periods not recognized as at Dec 31, 2018	50,304
Others	(4,209)
Add: Commitments to leases previously classified as finance leases	46,894,355
Lease liabilities as at January 1, 2019	**49,784,838**

The effects of adoption on the unaudited interim consolidated financial statements are as follows:

Property, plant and equipment - ROU assets	995,210
Property, plant and equipment - finance lease	3,170,656
Investments and advances	(18,692)
Other noncurrent assets - prepaid rent	(1,628,060)
Total Assets	**2,519,114**
Lease liabilities	49,786,728
Finance lease obligation	(46,894,355)
Retained Earnings	(278,423)
Non-controlling interests	(94,836)
Total Liabilities and Equity	**2,519,114**

• Amendments to PFRS 9, Prepayment Features with Negative Compensation

The amendments to PFRS 9 allow debt instruments with negative compensation prepayment features to be measured at amortized cost or fair value through other comprehensive income.

The adoption of these amendments does not have any impact on the Group's consolidated financial statements.

• Amendments to PAS 19, Employee Benefits, Plan Amendment, Curtailment or Settlement

The amendments to PAS 19 address the accounting when a plan amendment, curtailment or settlement occurs during a reporting period. The amendments specify that when a plan amendment, curtailment or settlement occurs during the annual reporting period, an entity is required to:

- Determine current service cost for the remainder of the period after the plan amendment, curtailment or settlement, using the actuarial assumptions used to remeasure the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event
- Determine net interest for the remainder of the period after the plan amendment, curtailment or settlement using: the net defined benefit liability (asset) reflecting the benefits offered under the plan and the plan assets after that event; and the discount rate used to remeasure that net defined benefit liability (asset).

The amendments also clarify that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. An entity then determines the effect of the asset ceiling after the plan amendment, curtailment or settlement. Any change in that effect, excluding amounts included in the net interest, is recognized in other comprehensive income.

Since the Group's current practice is in line with these amendments, adoption of these amendments does not have any effect on its consolidated financial statements.

• Amendments to PAS 28, Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies PFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). The amendments also clarified that, in applying PFRS 9, an entity does not take account of any losses of the associate or joint venture, or any impairment losses on the net investment, recognized as adjustments to the net investment in the associate or joint venture that arise from applying PAS 28.

Since the Group does not have such long-term interests in its associates and joint venture to which equity method is not applied, the amendments do not have any impact on its consolidated financial statements.

- Philippine Interpretation IFRIC 23, Uncertainty over Income Tax Treatments

  The interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of PAS 12 and does not apply to taxes or levies outside the scope of PAS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

  The interpretation specifically addresses the following:

  - Whether an entity considers uncertain tax treatments separately
  - The assumptions an entity makes about the examination of tax treatments by taxation authorities
  - How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates
  - How an entity considers changes in facts and circumstances

  An entity must determine whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments. The approach that better predicts the resolution of the uncertainty should be followed. The entity shall assume that the taxation authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If an entity concludes that it is not probable that the taxation authority will accept an uncertain tax treatment, it shall reflect the effect of the uncertainty for each uncertain tax treatment using the method the entity expects to better predict the resolution of the uncertainty.

  Upon adoption of the Interpretation, the Group has assessed whether it has any uncertain tax position. The Group applies significant judgement in identifying uncertainties over its income tax treatments. The Group determined, based on its assessment, that it is probable that its uncertain tax treatments (including those for the subsidiaries) will be accepted by the taxation authorities. Accordingly, the interpretation did not have an impact on the interim condensed consolidated financial statements of the Group.

- March 2019 IFRIC Agenda Decision on Over Time Transfer of Constructed Good (PAS 23, Borrowing Costs)

  In March 2019, the IFRS Interpretations Committee (the Committee) issued IFRIC Update summarizing the decisions reached by the Committee in its public meetings. The March 2019 IFRIC Update includes the Committee's Agenda Decision on the capitalization of borrowing cost on over time transfer of constructed goods. The IFRIC Agenda Decision clarified whether borrowing costs may be capitalized in relation to the construction of a residential multi-unit real estate development (building) which are sold to customers prior to start of construction or completion of the development.

  Applying paragraph 8 of PAS 23, Borrowing Cost, an entity capitalizes borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Paragraph 5 of PAS 23 defines a qualifying asset as 'an asset that necessarily takes a substantial period of time to get ready for its intended use or sale'. Under the March 2019 IFRIC Update, the Committee clarified that the related assets that might be recognized in the real estate company's financial statements (i.e., installment contract receivable, contract asset, or inventory) will not qualify as a qualifying asset and the corresponding borrowing cost may no longer be capitalized.

  The Group performed its initial impact assessment and assessed that it will impact the classification and measurement of its borrowing costs. The Group is currently assessing the impact of adopting this amendment as it needs sufficient time to implement changes in its accounting policy.

- Annual Improvements to PFRSs 2015-2017 Cycle

- Amendments to PFRS 3, Business Combinations, and PFRS 11, Joint Arrangements, Previously Held Interest in a Joint Operation

  Previously Held Interest in a Joint Operation

  The amendments clarify that, when an entity obtains control of a business that is a joint operation, it applies the requirements for a business combination achieved in stages, including remeasuring previously held interests in the assets and liabilities of the joint operation at fair value. In doing so, the acquirer remeasures its entire previously held interest in the joint operation.

  A party that participates in, but does not have joint control of, a joint operation might obtain joint control of the joint operation in which the activity of the joint operation constitutes a business as defined in PFRS 3. The amendments clarify that the previously held interests in that joint operation are not remeasured.

  An entity applies those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2019 and to transactions in which it obtains joint control on or after the beginning of the first annual reporting period beginning on or after January 1, 2019, with early application permitted. These amendments are currently not applicable to the Group but may apply to future transactions.

- Amendments to PAS 12, Income Taxes, Income Tax Consequences of Payments on Financial Instruments Classified as Equity

  The amendments clarify that the income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity recognizes the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events.

  These amendments are not relevant to the Group because dividends declared by the Group do not give rise to tax obligations under the current tax laws.

- Amendments to PAS 23, Borrowing Costs, Borrowing Costs Eligible for Capitalization

  The amendments clarify that an entity treats as part of general borrowings any borrowing originally made to develop a qualifying asset when substantially all of the activities necessary to prepare that asset for its intended use or sale are complete.

  These amendments are currently not applicable to the Group but may apply to future transactions.

Basis of Consolidation
The consolidated financial statements comprise the financial statements of the Company and the following subsidiaries

		September 30, 2019		December 31, 2018	
	Nature of Business	**Direct**	**Indirect**	Direct	Indirect
Aboitiz Power Corporation (AP) and Subsidiaries	Power	**76.98%**	**–**	76.98%	–
Aboitiz Energy Solutions, Inc. (AESI)	Power	**–**	**100%**	–	100%
Balamban Enerzone Corporation (BEZ)	Power	**–**	**100**	–	100
Lima Enerzone Corporation (LEZ)	Power	**–**	**100**	–	100
Mactan Enerzone Corporation (MEZ)	Power	**–**	**100**	–	100
Malvar Enerzone Corporation	Power	**–**	**100**	–	100
East Asia Utilities Corporation (EAUC)	Power	–	**100**	–	100
Subic Enerzone Corporation (SEZ)	Power	**–**	**100**	–	100
Cotabato Light & Power Co., Inc. (CLP)	Power	**–**	**99.94**	–	99.94
Cotabato Ice Plant, Inc.	Manufacturing	**–**	**100**	–	100
Davao Light & Power Co., Inc. (DLP)	Power	**–**	**99.93**	–	99.93
Visayan Electric Company (VECO)	Power	**–**	**55.26**	–	55.26
Maaraw Holdings San Carlos, Inc. (MHSCI)	Holding	**–**	**100**	–	100
San Carlos Sun Power, Inc. (Sacasun)	Power	**–**	**100**	–	100
AboitizPower International B.V.	Holding	**–**	**100**	–	100
Aboitiz Renewables Inc. (ARI) and Subsidiaries	Power	**–**	**100**	–	100
AP Renewables, Inc. (APRI)	Power	**–**	**100**	–	100
Hedcor, Inc. (HI)	Power	**–**	**100**	–	100
Hedcor Mt. Province, Inc. *	Power	**–**	**100**	–	100
Hedcor Benguet, Inc. (BHI) *	Power	**–**	**100**	–	100
Hedcor Bukidnon, Inc.	Power	**–**	**100**	–	100
Hedcor Kabayan, Inc. *	Power	**–**	**100**	–	100
Hedcor Ifugao, Inc. *	Power	**–**	**100**	–	100
Hedcor Kalinga, Inc. *	Power	**–**	**100**	–	100
Hedcor Itogon, Inc. *	Power	**–**	**100**	–	100
Hedcor Manolo Fortich, Inc. *	Power	**–**	**100**	–	100
Hedcor Sabangan, Inc. *	Power	**–**	**100**	–	100
Hedcor Sibulan, Inc. (HSI)	Power	**–**	**100**	–	100
Hedcor Tamugan, Inc. (HTI) *	Power	**–**	**100**	–	100
Hedcor Tudaya, Inc. (Hedcor Tudaya)	Power	**–**	**100**	–	100
Aboitiz Power Distributed Renewables, Inc. *	Power	**–**	**100**	–	100
Aboitiz Power Distributed Energy Inc. *	Power	**–**	**100**	–	100
Mt. Apo Geopower, Inc. *	Power	**–**	**100**	–	100
Cleanergy, Inc. (CI) *	Power	**–**	**100**	–	100
Hydro Electric Development Corporation	Power	**–**	**99.97**	–	99.97
Luzon Hydro Corporation (LHC)	Power	**–**	**100**	–	100
Bakun Power Line Corporation *	Power	**–**	**100**	–	100
AP Solar Tiwi, Inc. *	Power	**–**	**100**	–	100
Retensol, Inc.*	Power	**–**	**100**	**–**	100
AP Renewable Energy Corporation*	Power	**–**	**100**	**–**	100
Aseagas Corporation (Aseagas)*	Power	**–**	**100**	–	100
Cordillera Hydro Corporation (CHC) *	Power	**–**	**100**	–	100
Negron Cuadrado Geopower, Inc. (NCGI) *	Power	**–**	**100**	–	100
Tagoloan Hydro Corporation *	Power	**–**	**100**	–	100
Luzon Hydro Company Limited*	Power	**–**	**100**	–	100
Therma Power, Inc. (TPI) and Subsidiaries	Power	**–**	**100**	–	100
Abovant Holdings, Inc. (AHI)	Power	**–**	**60**	–	60
Therma Power - Visayas, Inc. (TPVI) *	Power	**–**	**100**	–	100
Therma Luzon, Inc. (TLI)	Power	**–**	**100**	–	100
Therma Marine, Inc. (Therma Marine)	Power	**–**	**100**	–	100
Therma Mobile, Inc.(Therma Mobile)	Power	**–**	**100**	–	100
Therma South, Inc. (TSI)	Power	**–**	**100**	–	100
Therma Central Visayas, Inc. (TCVI) *	Power	**–**	**100**	–	100
Mindanao Sustainable Solutions, Inc. *	Services	**–**	**100**	–	100
Therma Subic, Inc. (Therma Subic) *	Power	**–**	**100**	–	100
Therma Mariveles Holdings, Inc.	Holding	**–**	**100**	–	100
GNPower Mariveles Coal Plant Ltd. Co. (GMCP)	Power	**–**	**78.33**	–	66.07
Therma Dinginin Holding Cooperatief U.A.	Holding	**–**	**100**	–	100
Therma Dinginin B.V.	Holding	**–**	**100**	–	100
Therma Dinginin Holdings, Inc.	Holding	**–**	**100**	–	100
Therma Visayas, Inc. (TVI)	Power	**–**	**80**	–	80
AboitizPower International Pte. Ltd.	Holding	**100**	**–**	100	–
Adventenergy, Inc. (AI)	Power	**–**	**100**	–	100
Cebu Private Power Corporation (CPPC)	Power	**–**	**60**	–	60
Prism Energy, Inc. (PEI) *	Power	**–**	**60**	–	60
Pilmico Foods Corporation (PILMICO) and Subsidiaries	Food manufacturing	**100**	**–**	100	–
Fil-Agri Holdings, Inc.	Holding company	**–**	**100**	–	100
Pilmico Animal Nutrition Corporation (PANC)	Food manufacturing	**–**	**100**	–	100
Fil-Agri, Inc.	Food manufacturing	**–**	**100**	–	100
AboitizLand, Inc. (AboitizLand) and Subsidiaries	Real estate	**100**	**–**	100	–
Cebu Industrial Park Developers, Inc. (CIPDI)	Real estate	**–**	**60**	–	60
Misamis Oriental Land Development, Inc. (MOLDC)	Real estate	**–**	**60**	–	60
Propriedad del Norte, Inc. (PDNI)	Real estate	**–**	**100**	–	100
Lima Land, Inc (LLI)	Real estate	**–**	**100**	–	100
A2 Airports, Inc. (A2) and Subsidiaries	Real estate	**–**	50	–	100
78 PointBlue, Inc. (PB)	Real estate	**–**	**100**	–	–
Triplecrown Properties, Inc. (TCP)	Real estate	**–**	**100**	–	–
Firmwall Systems, Inc.	Real estate	**–**	**100**	–	100
AEV International Pte. Ltd (AEV International) and Subsidiaries	Holding company	**100**	**–**	100	–
Pilmico International Pte. Ltd (Pilmico International; PIPL) and Subsidiary	Holding company	**–**	**100**	–	100
Pilmico Vietnam Company, Ltd. (formerly Pilmico Vietnam Feeds Joint Stock Company)	Food manufacturing	**–**	**100**	–	100
Pilmico Viet Nam Trading Company, Ltd. (PVTC)	Trading	**–**	**100**	–	100

PT PILMICO Foods Indonesia (PFI)	Trading	–	–	–	67
Gold Coin Management Holdings Limited (GCMH)	Holding company	–	**100**	–	75
GC Investment Holdings Limited (GCIH)	Holding company	–	**100**	–	100
Gold Coin (ZhangJiang) Company Limited (GCZJ)	Feedmills	–	**100**	–	100
Gold Coin (Zhangzhou) Company Limited (GCZZ)	Feedmills	–	**100**	–	100
Gold Coin (Zhuhai) Company Limited (GCZH)	Feedmills	–	**100**	–	100
Gold Coin Feedmill (Kunming) Company Limited (GCKM)	Feedmills	–	**100**	–	100
Gold Coin Feedmill (Dongguan) Co. Limited (GCDG)	Feedmills	–	**100**	–	100
Gold Coin Management (Shenzhen) Co. Limited (GCSZ)	Holding company	–	**100**	–	100
Gold Coin Malaysia Group Sdn. Bhd. (GCMG)	Holding company	–	**70**	–	70
Gold Coin Feedmills (Malaysia) Sdn. Bhd. (GCFM)	Feedmills	–	**100**	–	100
Gold Coin Feedmill (Sabah) Sdn. Bhd. (GCFS)	Feedmills	–	**100**	–	100
Gold Coin Sarawak Sdn. Bhd. (GCS)	Feedmills	–	**72.8**	–	72.8
Bintawa Fishmeal Factory Sdn. Bhd. (BFF)	Feedmills	–	**72.8**	–	72.8
Golden Livestock Sdn Bhd (GLS)	Holding company	–	**100**	–	100
Gold Coin Sabah Sdn. Bhd. (GCSAB)	Holding company	–	**100**	–	100
Gold Coin Feedmill (Dong Nai) Co. Ltd. (GCFD)	Feedmills	–	**100**	–	100
American Feeds Company Limited (AFC)	Feedmills	–	**100**	–	100
Gold Coin Feedmill Ha Nam Company Limited (GCFHN)	Feedmills	–	**100**	–	100
Gold Coin Feed Mills (Lanka) Ltd. (GCFL)	Feedmills	–	**60**	–	60
Comfez Limited (CFL)	Sourcing/Trading compa	–	**100**	–	100
APAC Commodities Pte. Ltd. (APAC)	Sourcing/Trading compa	–	**100**	–	100
Gold Coin Group Limited (GCG)	Holding company	–	**100**	–	100
Gold Coin Holdings Sdn Bhd (GCHSB)	Holding company	–	**100**	–	100
Gold Coin Services Singapore Pte Limited (GCSS)	Holding company	–	**100**	–	100.00
Comfez Pte. Ltd. (CPL)	Sourcing/Trading compa	–	**100**	–	100
Myanmar Gold Coin International Co. Ltd. (MGCI)	Feedmills	–	**100**	–	100
Pilmico Animal Nutrition Joint Stock Company (PAN JSC)	Food manufacturing	–	**100**	–	70
Gold Coin Vietnam Holdings Pte Ltd	Holding company	–	**100**	–	0
KLEAN Greentech Co. Ltd. (KGT)	Feedmills	–	**49**	–	49
Gold Coin Aqua Feed Incorporated (FKA Syaqua Group Incorporated) (SYBVI)	Holding company	–	**100**	–	100
Gold Coin Aqua Feed (Hong Kong) Ltd (FKA Sya Holdings (Hong Kong) Ltd) (SYHK)	Holding company	–	**100**	–	100
Gold Coin Aqua Feed (Singapore) Pte Ltd (FKA SYAQUA Singapore Pte Ltd) (SYSG)	Holding company	–	**100**	–	100
Gold Coin Specialities Sdn. Bhd. (GCSSB)	Feedmills	–	**70**	–	70
Gold Coin Specialities (Thailand) Co. Ltd. (GCST)	Feedmills	–	**93.9**	–	93.9
P.T. Gold Coin Trading Indonesia (GCTI)	Feedmills	–	**100**	–	100
P.T. Gold Coin Indonesia (GCI)	Feedmills	–	**100**	–	100
P.T. Gold Coin Specialities (GCSI)	Feedmills	–	**99.9**	–	99.9
PT Ayam Unggul (PT Ayam)	Feedmills	–	**60**	–	60
FEZ Animal Nutrition Pte Ltd (FEZ)	Holding company	–	**100**	–	100
FEZ Animal Nutrition Philippines, Inc. (FEZ(PH))	Holding company	–	**40**	–	40
FEZ Animal Nutrition Pakistan (Private) Limited (FEZ(PK))	Holding company	–	**100**	–	100
FEZ Animal Nutrition (Malaysia) Sdn. Bhd. (FEZ(M))	Holding company	–	**100**	–	100
Archipelago Insurance Pte Ltd (AIPL)	Insurance	**100**	–	100	–
AEV Aviation, Inc. (AEV Aviation)	Service	**73.31**	**26.69**	73.31	26.69
AEV Properties, Inc. *	Real estate	**100**	–	100	–
Cebu Praedia Development Corporation (CPDC)	Real estate	**100**	–	100	–
Aboitiz Infracapital, Inc. (AIC)	Holding company	**100**	–	100	–
Lima Water Corporation (LWC)	Water	–	**100**	–	100
Apo Agua Infrastructura, Inc. *	Supply of treated bulk water	**21.76%**	**48.24%**	21.76%	48.24%

** No commercial operations as of September 30, 2019.*

Interest in Joint Operations

On May 15, 2014, the Group, through TPI, entered into a shareholders' agreement with TPEC Holdings Corporation (TPEC) for the development, construction and operation of the 400 MW Pagbilao Unit III in Pagbilao, Quezon through Pagbilao Energy Corporation (PEC). TPI and TPEC both agreed to provide their respective capital contributions and subscribe to common shares such that each stockholder owns 50% of the issued and outstanding shares of stock of PEC.

The Group's share of assets, liabilities, revenue, expenses and cash flows of joint operations are included in the consolidated financial statements on a line-by-line basis.

Leases under PFRS 16 - As a Lessee

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

ROU Assets

The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated amortization and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are amortized on a straight-line basis over the shorter of its estimated useful life and the lease term.

Lease Liabilities
At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognized as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term Leases and Leases of Low Value Assets
The Group applies the short-term lease recognition exemption to its short-term leases of buildings and improvements (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognized as expense on a straight-line basis over the lease term.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the Group's unaudited interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosures of contingent liabilities. However, uncertainty about these assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments, key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are consistent with those applied in the most recent annual financial statements.

Consolidation of A2 Airports, Inc. (A2)
Despite owning only 50% of A2, the Group consolidates A2 since it has the ability to direct the relevant activities which most significantly affect the returns of A2 and its subsidiaries. This is a result of the shareholders' agreements which, among others, stipulate their management and operation.

Nonconsolidation of Certain Investees
The Group has 60% and 72.5% interest in AA Thermal, Inc. (AA Thermal) and GNPower Dinginin Ltd. Co. (GNPD), respectively.

The Group does not consolidate AA Thermal and GNPD since it does not have the ability to direct the relevant activities which most significantly affect their returns. This is a result of the partnerships' agreements which, among others, stipulate their management and operation.

The Group has 83.33% interest in Manila-Oslo Renewable Enterprise, Inc. (MORE) which has a 60% ownership interest in SN Aboitiz Power-Magat (SNAP-Magat), Inc., SN Aboitiz Power-Benguet (SNAP-Benguet), Inc., SN Aboitiz Power-RES, Inc. (SNAP-RES), and SN Aboitiz Power-Generation, Inc. (SNAP-Generation).

The Group does not consolidate MORE since it does not have the ability to direct the relevant activities which most significantly affect the returns of MORE and its investees. This is a result of the shareholders' agreement which, among others, stipulates the management and operation of MORE. Management of MORE is vested in its BOD and the affirmative vote of the other shareholder is required for the approval of certain corporate actions which include financial and operating undertakings.

The Group has 60% interest in AEV CRH Holdings, Inc. (AEV CRH) which has 99.09% ownership interest in Republic Cement and Building Materials, Inc. (RCBMI), 99.63% ownership interest in Republic Cement Mindanao, Inc. (RCMI), 94.63% ownership interest in Republic Cement Iligan, Inc. (RCII) and 100% ownership interest in Luzon Continental Land Corporation (LCLC).

The Group does not consolidate AEV CRH since it does not have the ability to direct the relevant activities which most significantly affect the returns of AEV CRH and its investees. This is a result of the contractual arrangements that give the other party the power to direct the relevant non-nationalized activities of the subsidiaries of AEV CRH. Consequently, the Group recognizes AEV CRH and MORE as associates that are accounted for using the equity method in the consolidated financial statements.

4. Cash and Cash Equivalents

	September 30, 2019	December 31, 2018
Cash on hand and in banks	**16,803,668**	14,866,870
Short-term deposits	**24,277,222**	44,166,159
	41,080,890	59,033,029

Cash in banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods depending on the immediate cash requirements of the Group and earn interest at the respective short-term deposit rates.

5. Trade and Other Receivables

	September 30, 2019	December 31, 2018 (As restated)
Trade receivables		
Power	**14,953,148**	14,560,025
Real estate	**4,309,942**	3,982,424
Food manufacturing	**2,698,182**	4,218,151
Holding and others	**6,254,641**	5,612,256
	28,215,913	28,372,856
Nontrade receivables	**5,739,247**	6,967,769
Accrued revenues	**3,793,837**	3,493,246
Dividends receivable (see Note 8)	-	665,783
Advances to contractors	**125,719**	148,300
Others	**833,538**	1,348,844
	38,708,254	40,996,798
Less allowance for expected credit losses	**2,910,588**	2,455,396
	35,797,666	38,541,402
Less noncurrent portion	**2,685,873**	3,441,898
	33,111,793	35,099,504

Trade receivables, except real estate receivables, are generally non-interest bearing and on 10 - 30 days' terms. Contractual maturities of trade receivables from sale of real estate inventories range from 1 to 180 months. Current and noncurrent portion of these receivables amount to P4.0 billion and P285 million, respectively, as of September 30, 2019, and P3.0 billion and P259 million, respectively, as of December 31, 2018.

Advances to contractors refer to non-interest bearing advance payments made for project mobilization which are offset against progress billings to be made by the contractors.

Accrued revenue substantially relates to accrual of power sales of the Power Generation segment.

Non-trade receivable relates mostly to advances to partners in GMCP which are subject to offset against any cash dividends declared by GMCP and due to the partners.

Other receivables include accrued interest income.

6. Other Current Assets

	September 30, 2019	December 31, 2018 (As restated)
Prepaid expenses	**4,970,202**	4,896,331
Input VAT	**4,069,463**	3,043,641
Restricted cash	**2,793,850**	5,289,145
Advances to NGCP	**1,727,028**	1,725,176
Biological assets	**1,162,745**	1,033,992
Others	**949,702**	2,302,584
	15,672,990	18,290,869

Restricted cash represents proceeds from sale of power under the control of trustees of the lenders as per loan agreement. The asset will be used to pay the current portion of loans payable and interest payments in the following period.

Advances to NGCP pertain to the cost of construction and installation of substation and transmission facilities which are subject for reimbursement after completion of the project.

"Others" include prepayments to regulatory agencies and advances to suppliers.

7. Acquisitions and Disposals of Shares of Stock

a. Dilution of Interest in A2 Airports, Inc. (A2) and Acquisition of Triplecrown Properties, Inc. (TCP) and 78 PointBlue, Inc. (PB)

Prior to 2019, A2 is a wholly-owned subsidiary of AboitizLand, Inc. (AboitizLand). In September 2019, E360, Inc. (E360) and AboitizLand contributed capital in A2, which resulted in the ownership interest of E360 and ALand to be at 50% each. The capital contribution of E360 resulted in AboitizLand's recognition of non-controlling interest.

On September 18, 2019, A2 acquired 100% equity interest in TCP and PB at a cash consideration of P340 million and P63.5 million, respectively.

TCP and PB are engaged in the business of leasing microstudios located in the business districts of Makati and Taguig.

The following are the provisional fair values of the identifiable assets and liabilities assumed on acquisition date:

Assets:	
Cash in bank	22,387
Trade and other receivables	1,794
Other current assets	3,391
Investment properties	558,864
Property and equipment	35,480
Other noncurrent assets	12,880
	634,796
Liabilities:	
Trade and other payables	28,362
Long-term debt	187,878
Other noncurrent liabilities	15,055
	231,295
Total identifiable net assets at fair value	**403,501**
Total consideration	**403,501**
Goodwill	-
Cash flow on acquisition:	
Net cash acquired with the subsidiary	22,387
Cash paid	(403,501)
Net cash outflow	**(381,114)**

The accounting for this business combination was determined provisionally as A2 is still finalizing the fair valuation of the nonfinancial assets acquired.

The Group expects to recognize goodwill arising from this acquisition because of the business synergies that will materialize with one of the Group's subsidiaries engaged in similar business.

For the period ended September 30, 2019, TCP and PB have not contributed to the consolidated revenue and net income of the Group.

b. Acquisition of Gold Coin Management Holdings Ltd. (GCMH)

On July 27, 2019, PIPL finalized the purchase and sale agreement of the acquired 75% equity interest in GCMH. After deducting net debt, the final cash consideration for the equity interest in GCMH was USD 333.8 million or P17.8 billion.

GCMH is engaged in the business of animal feeds manufacturing, which it carries out through various subsidiaries operating 21 feed mills situated in 7 countries in the Asia Pacific.

The following are the final fair values of the identifiable assets and liabilities assumed on acquisition date:

Assets:	
Cash and cash equivalents	1,913,264
Trade and other receivables	8,903,080
Inventory	5,613,473
Other current assets	588,819
Property, plant, and equipment	5,020,582
Other noncurrent assets	674,576
	22,713,794

Liabilities:	
Accounts payable and accrued expenses	7,927,914
Bank loans	2,352,961
Other current liabilities	72,398
Long-term debt	2,366,786
Other non-current liabilities	316,387
	13,036,446
Total identifiable net assets at fair value	**9,677,348**
Total consideration	21,766,326
Fair value of noncontrolling interest	3,533,265
	25,299,591
Goodwill	**15,622,243**
Cash flow on acquisition:	
Net cash acquired with the subsidiary	1,913,264
Cash paid	(18,096,617)
Net cash outflow	**(16,183,353)**

The accounting for this business combination was determined provisionally as PIPL was still finalizing the fair valuation of the assets and liabilities acquired on the date the 2018 financial statements were approved for issue by the BOD.

On June 30, 2019, the valuation was completed and several adjustments were made on the provisional value. Accordingly, the 2018 comparative information was restated to reflect the adjustments to the provisional amounts. In the Group's consolidated financial statements as of December 31, 2018, there was an increase in the trade and other receivables of P1.30 billion, a decrease in inventory of P126.0 million, a decrease in other current assets of P37.4 million, an increase in property, plant and equipment of P259.1 million, a decrease in other non-current assets of P1.93 billion, a decrease in trade and other payable of P1.19 billion, a decrease in deferred tax liabilities of P452.9 million, a decrease in cumulative translation adjustment of P14.6 million and an increase in the non-controlling interest of P1.23 billion. In addition, total consideration increased by P3.64 billion, and the goodwill arising from the acquisition amounted to P15.62 billion. These changes resulted to a P99.2 million increase in goodwill.

In 2018, GCMH contributed P18.16 billion to the consolidated revenue and P513.21 million to the net income of the Group from the date of acquisition.

On May 28, 2019, PIPL acquired the remaining 25% equity interest held by Golden Springs Group Ltd. for a total consideration of USD 144.8 million or P7.57 billion. The fair value of non-controlling interest (NCI) acquired is P2.3 billion and as a result, PIPL recognized the P5.26 billion difference between the consideration and fair value of NCI acquired under “Acquisition of NCI”, a reserve equity account.

8. Investments and Advances

	September 30, 2019	December 31, 2018
Acquisition cost:		
Balance at beginning of period	**71,388,350**	63,458,834
Additions during the period	**26,760,126**	7,929,516
Balance at end of period	**98,148,476**	71,388,350
Accumulated equity in net earnings:		
Balance at beginning of period	**35,214,517**	32,020,150
Share in restatement of an associate	**-**	(312,784)
Cumulative share in impact of PFRS 16 and PFRS 9 adoption by associates in 2019 and 2018, respectively	**(18,692)**	923,969
Balances at beginning of year, as restated	**35,195,825**	32,631,335
Share in net earnings for the period	**7,592,775**	7,727,663
Cash dividends received and receivable	**(2,334,462)**	(5,144,481)
Balance at end of period	**40,454,138**	35,214,517
Gain on dilution	**1,014,136**	1,014,136
Share in net unrealized mark-to-market gains on FVOCI investments of associates		
At beginning of year, as previously reported	**138,109**	-
Cumulative share in impact of PFRS 9 adoption by an associate	**-**	123,816
At beginning of year, as restated	**138,109**	123,816
Additions during the year	**(52,640)**	14,293
Balance, end of period	**85,469**	138,109
Share in cumulative translation adjustments of associates and joint ventures	**(241,951)**	319,631
Share in actuarial losses on retirement benefit obligation of associates and joint ventures	**(471,616)**	(457,017)
	138,988,652	107,617,726
Advances to associates	**22,562**	22,562
Investments in associates at equity	**139,011,214**	107,640,288
Less allowance for impairment loss	**680,731**	680,731
	138,330,483	106,959,557

The Group's investees and the corresponding equity ownership and carrying values are as follows:

		% Ownership		Carrying Values	
	Nature of Business	September 30, 2019	December 31, 2018	September 30, 2019	December 31, 2018
Manila-Oslo Renewable Enterprise, Inc. (MORE) *	Holding company	**83.33%**	83.33%	**11,298,972**	10,235,695
AEV CRH Holdings, Inc. (AEV CRH)	Holding company	**60.00%**	60.00%	**24,319,751**	24,450,287
Balibago Water Systems, Inc	Water distribution	**15.94%**	11.14%	**563,740**	295,889
Gold Coin Feed Mills (B) Sdn. Bhd.	Feed Mills	**20.00%**	20.00%	**54,864**	55,807
AA Infrastructure Projects Corp.	Holding company	**50.00%**	50.00%	**20,020**	20
Cebu District Property Enterprise, Inc. (CDPEI) *	Real estate	**50.00%**	50.00%	**1,448,429**	1,464,124
Union Bank of the Philippines (UBP)	Banking	**49.34%**	49.36%	**49,022,058**	46,025,202
Hijos de F. Escaño, Inc. (Hijos)	Holding company	**46.73%**	46.73%	**176,037**	176,037
CRH ABOITIZ Holdings, Inc. (CRH ABOITIZ)	Holding company	**45.00%**	45.00%	**1,039,694**	492,463
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	**43.78%**	43.78%	**399,510**	385,272
Pampanga Energy Ventures, Inc. (PEVI)	Holding company	**42.84%**	42.84%	**500,760**	472,095
La Filipina Elektrika, Inc.**	Power generation	**40.00%**	40.00%	**(1,006)**	(998)
AA Thermal, Inc.	Holding company	**60.00%**	0.00%	**749,538**	-
STEAG State Power, Inc. (STEAG)	Power generation	**34.00%**	34.00%	**4,180,618**	4,185,758
Cebu Energy Development Corp. (CEDC)	Power generation	**26.40%**	26.40%	**3,875,123**	3,192,609
Redondo Peninsula Energy, Inc. (RP Energy)**	Power generation	**25.00%**	25.00%	**527,140**	528,383
Southern Philippines Power Corporation (SPPC)	Power generation	**20.00%**	20.00%	**65,361**	81,856
Western Mindanao Power Corporation (WMPC)	Power generation	**20.00%**	20.00%	**127,529**	106,524
GNPower Dinginin Ltd. Co.	Power generation	**72.50%**	45.00%	**39,939,783**	14,789,971

* *Joint venture*

** *No commercial operations.*

9. Other Noncurrent Assets

	September 30, 2019	December 31, 2018 (As restated)
Restricted cash	**4,722,910**	-
Input VAT and tax credit receivable	**3,530,909**	5,462,983
PSALM deferred adjustment - net of current portion	**2,400,934**	3,183,089
Investment in financial assets at amortized cost, FVTPL and FVOCI	**1,242,706**	1,033,157
Intangible assets:		
Franchise	**2,591,012**	2,648,732
Project development costs	**1,078,978**	583,095
Software and licenses	**362,863**	365,007
Customer contracts	**15,871**	27,429
Prepaid rent and other deposits	**782,477**	1,979,024
Advances to contractors and projects	**916,530**	1,098,747
Biological assets	**140,070**	134,144
Others	**1,467,791**	500,227
	19,253,051	17,015,634

Restricted cash represents proceeds from a damage claim against a power subsidiary's contractors, with such claim under dispute.

“Others” include pre-operating costs and certain nonfinancial assets acquired.

The amortization of intangible assets is included in “Depreciation and amortization” under “Operating Expenses” in the consolidated statements of income.

Rollforward of intangible assets follow:

September 30, 2019

	Franchise	Project development costs	Software and licenses	Customer contracts
Balances at beginning of year	2,648,732	583,095	365,007	27,429
Additions	-	571,159	95,544	-
Transfer from property and equipment	-	(10,405)	-	-
Write-off/impairment - net of reversal	(57,720)	(64,871)	(426)	-
Amortization	-	-	(91,530)	(11,558)
Effect of translation	-	-	(5,732)	-
Balances at end of year	2,591,012	1,078,978	362,863	15,871

10. Bank Loans

	September 30, 2019		December 31, 2018	
	Interest Rate	**Amount**	Interest Rate	Amount
Financial institutions - unsecured:				
Peso loans	**3.95% - 5.82%**	**30,555,100**	3.1% - 5.0%	24,567,200
US Dollar loans	**3.20% - 3.33%**	**466,470**	2.5% - 3.3%	341,770
Vietnamese Dong loans	**3.80% - 6.30%**	**951,015**	2.4% - 6.3%	726,187
Chinese Yuan loans	**4.13% - 4.80%**	**797,813**	5.0% - 5.4%	906,726
Indonesia Rupiah loans	**8.85% - 9.25%**	**253,112**	9.3% - 10.2%	250,591
Other foreign currency-denominated loans	**3.06% - 5.50%**	**370,320**	5.2% - 13.5%	186,112
		33,393,830		26,978,586

11. Trade and Other Payables

	September 30, 2019	December 31, 2018 (As restated)
Trade payables	**15,753,245**	19,628,410
Nontrade and other payables	**10,561,526**	2,178,792
Accrued expenses	**5,280,342**	5,941,747
Output VAT	**3,861,694**	2,924,074
PSALM deferred adjustment	**3,443,795**	4,225,950
Amounts due to contractors and other third parties	**1,544,039**	2,626,792
Unearned revenue	**43,738**	39,770
	40,488,379	37,565,535
Less noncurrent portion	**7,620,126**	3,695,261
	32,868,253	33,870,274

Trade payables are non-interest bearing and generally on 30-day terms.

Nontrade payables include proceeds from a damage claim against a Power Group's contractors, with such claim now under dispute. Other payables represent withholding taxes, insurance liabilities and other accrual of expenses arising in the ordinary course of business and are generally payable within 12 months from the balance sheet date.

Accrued expenses include interest amounting to P2.0 billion as of September 30, 2019. The remaining amount pertains to fuel and lubricant costs, taxes and licenses, freight expense, materials and supplies, and energy fees that are due within 12 months.

Amounts due to contractors and other third parties include liabilities arising from the power plant construction.

12. Long-term Debts

	September 30, 2019		December 31, 2018	
	Interest Rate	**Amount**	Interest Rate	Amount
Company:				
Financial and non-financial institutions - unsecured	**4.41% - 6.32%**	**37,000,000**	4.41% - 6.02%	32,000,000
Subsidiaries:				
Aboitiz Power Corporation (AP)				
Financial and non-financial institutions - peso loans; unsecured	**5.21% - 8.51%**	**23,200,000**	5.21% - 8.51%	23,200,000
Financial and non-financial institutions - US dollar loans; unsecured	**LIBOR + 1.20%**	**15,549,000**		
Therma Visayas, Inc.				
Financial institution - secured	**5.50% to 9.00%**	**31,520,000**	5.50% to 9.00%	31,520,000
GMCP				
Financial institutions - secured	**LIBOR + 1.7% - 4.85%**	**38,288,723**	LIBOR + 1.7% - 4.85%	41,375,202
Therma South, Inc.				
Financial institution - secured	**5.05%-5.69%**	**20,694,534**	5.05%-5.69%	21,349,704
AP Renewables, Inc.				
Financial institution - secured	**4.48% to 5.20%**	**8,124,160**	4.48% to 5.20%	9,374,400
Hedcor Bukidnon, Inc.				
Financial institutions - secured	**4.75% - 7.36%**	**9,416,666**	4.75% to 6.78%	9,327,700
Hedcor Sibulan, Inc.				
Financial institutions - secured	**4.11% to 5.42%**	**3,900,400**	4.11% to 5.42%	3,900,400
Visayan Electric Company, Inc.				
Financial institution - unsecured	**4.58% to 4.81%**	**975,000**	4.58% to 4.81%	975,000
Luzon Hydro Corporation				
Financial institution - secured	**2% to 2.75%**	**748,944**	2% to 2.75%	875,458
Davao Light & Power Co., Inc.				
Financial institution - unsecured	**4.58% to 4.81%**	**731,250**	4.58% to 4.81%	731,250
Hedcor, Inc.				
Financial institution - secured	**7.41% - 7.87%**	**1,750,000**	7.41% - 7.87%	1,840,000
Subic Enerzone Corporation				
Financial institution - unsecured	**5.00%**	**113,000**	5.00%	169,500
Cotabato Light & Power Co., Inc.				
Financial institution - unsecured	**4.58% to 4.81%**	**146,250**	4.58% to 4.81%	146,250
Pilmico Foods Corporation				
Financial institutions - secured	**4.18% to 4.5%**	**2,801,000**	4.18% to 4.5%	2,808,500
Pilmico Animal Nutrition Corporation				
Financial institution - secured	**4.50%**	**2,670,000**	4.50%	2,680,000
AEV International and subsidiaries:				
Financial institutions	**3.48% to 6.0%**	**13,826,961**	3.26% to 10.67%	13,760,174
AboitizLand, Inc.				
Financial institution - unsecured		**190,000**		-
Aboitiz Infra Capital				
Financial institutions	**6.88% - 8.26%**	**5,999,773**	8.26%	2,848,227
Joint Operation:				
Pagbilao Energy Corporation				
Financial institution - secured	**5.50% to 8.31%**	**13,380,097**	5.50% to 8.31%	14,473,052
Total		**231,025,758**		213,354,817
Less deferred financing costs		**2,071,288**		1,922,450
		228,954,470		211,432,367
Less current portion		**21,447,693**		10,702,974
		207,506,777		200,729,393

13. Debt Securities

As of September 30, 2019, AEV and Aboitiz Power Corporation (AP) registered and issued peso-denominated fixed-rate retail bonds totalling P60.2 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
5-year bonds to mature on June 18, 2024	AEV	6.0157% p.a.	3,350,000
10-year bonds to mature on June 18, 2029	AEV	6.321% p.a.	1,650,000
12-year bonds to mature on September 10, 2026	AP	6.10% p.a.	3,400,000
10-year bonds to mature on September 10, 2021	AP	5.21% p.a.	6,600,000
10-year bonds to mature on July 3, 2027	AP	5.34% p.a.	3,000,000
5.25-year bonds to mature on January 25, 2024	AP	7.51% p.a.	7,700,000
7-year bonds to mature on October 25, 2025	AP	8.51% p.a.	2,500,000

14. Leases

Set out below, are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period ended September 30, 2019:

	Right-of-use assets					
	Land	Building	Power plant	Manufacturing Plant, Machinery and Others	Total	Lease liabilities
As at January 1, 2019	3,279,969	714,672	34,669,713	201,463	38,865,817	49,784,837
Additions	28,144	16,932	-	4,299	49,375	45,302
Amortization expense	(48,768)	(130,964)	(820,884)	(23,881)	(1,024,497)	
Capitalized Amortization	(1,469)	-	-	-	(1,469)	
Interest expense						3,160,206
Capitalized Interest						1,242
Payments						(7,180,682)
Exchange Realignment	(16,116)	(5,298)	-	(108)	(21,522)	370,375
As at September 30, 2019	**3,241,760**	**595,341**	**33,848,829**	**181,773**	**37,867,703**	**46,181,280**

Set out below, are the amounts recognized in the consolidated statements of income for the period ended September 30, 2019

Amortization of ROU assets	1,024,497
Interest expense on lease liabilities	3,160,206
Rent expense - short-term leases	87,824
Rent expense - lease of low value assets	6,924
	4,279,451

15. Other Income (Expense) - Net

	For the periods ended September 30	
	2019	2018
Net unrealized fair valuation gains on investment properties	**1,314,018**	-
Surcharges	**399,984**	377,811
Increase in fair value of biological assets	**154,477**	643,943
Net foreign exchange gains (losses)	**148,578**	(1,332,176)
Non-utility operating income	**118,862**	-
Rental income	**63,453**	42,055
Dividend income	**5,979**	16,137
Loss on sale of:		
Property, plant and equipment	**(267,656)**	(108,624)
Investment in FVTPL securities	**(3,461)**	-
Write off of project costs and other assets	**(28,420)**	(72,391)
Others - net	**1,992,598**	1,482,740
	3,898,412	1,049,494

Included in "Net foreign exchange gains (losses)" are the net gains and losses relating to currency forward transactions.

"Others" include income arising from the proceeds from claims of liquidating damages from contractors and other non-recurring items like sale of scrap and sludge oil, and reversal of provisions.

16. Earnings Per Common Share

Earnings per common share amounts were computed as follows:

	Jan-Sep 2019	Jan-Sep 2018
a. Net income attributable to equity holders of the parent	**15,727,142**	17,318,735
b. Weighted average number of common shares issued and outstanding	**5,632,793**	5,633,793
Earnings per share (a/b)	**2.792**	3.074

17. 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 - September 30, 2019							
	Power	Financial Services	Food Manufacturing	Real Estate	Infrastructure	Parent Company and Others	Eliminations	Consolidated
REVENUES								
Third parties	**94,576,520**	**-**	**55,439,527**	**2,129,210**	**70,438**	**253,094**	**-**	**152,468,789**
Inter-segment	**104,514**	**-**	**-**	**-**	**-**	**862,666**	**(967,180)**	**-**
Total revenue	**94,681,034**	**-**	**55,439,527**	**2,129,210**	**70,438**	**1,115,760**	**(967,180)**	**152,468,789**
RESULTS								
Segment results	**22,233,238**	**-**	**2,532,791**	**183,122**	**(67,611)**	**(282,787)**	**128,999**	**24,727,752**
Unallocated corporate income (expenses)	**2,303,791**	**-**	**207,356**	**1,346,007**	**416**	**169,841**	**(128,999)**	**3,898,412**
INCOME FROM OPERATIONS								**28,626,164**
Interest Expense	**(10,247,981)**	**-**	**(982,938)**	**(70,094)**	**(0)**	**(1,255,645)**	**42,581**	**(12,514,077)**
Interest Income	**1,060,451**	**-**	**47,518**	**14,386**	**4,557**	**209,419**	**(44,512)**	**1,291,819**
Share in net earnings of associates	**2,812,358**	**4,205,512**	**8,061**	**(15,695)**	**582,829**	**12,268,938**	**(12,269,228)**	**7,592,775**
Provision for Income tax	**(2,508,604)**	**-**	**(628,392)**	**(313,513)**	**(2,443)**	**(40,558)**	**-**	**(3,493,510)**
NET INCOME								**21,503,171**
OTHER INFORMATION - as of September 30, 2019								
Segment assets	**70,964,549**	**-**	**21,929,326**	**13,176,430**	**2,213,618**	**5,908,061**	**(5,183)**	**114,186,801**
Investments and advances	**62,013,770**	**49,022,058**	**54,864**	**1,448,429**	**25,923,185**	**125,871,193**	**(126,003,016)**	**138,330,483**
Unallocated corporate assets	**271,806,825**	**-**	**30,392,247**	**10,207,330**	**4,801,112**	**6,535,771**	**(650,706)**	**323,092,580**
Consolidated total assets								**575,609,864**
Segment liabilities	**273,035,170**	**-**	**36,001,384**	**9,186,258**	**6,379,192**	**37,775,150**	**(569,448)**	**361,807,706**
Unallocated corporate liabilities	**2,351,145**	**-**	**484,004**	**534,321**	**-**	**363,617**	**-**	**3,733,087**
Consolidated total liabilities								**365,540,793**
	January - September 30, 2019							
Capital expenditures								**(9,804,149)**
Depreciation and amortization	**7,216,561**	**-**	**1,043,358**	**93,190**	**5,046**	**150,226**	**-**	**8,508,381**

	January - September 30, 2018							
	Power	Financial Services	Food Manufacturing	Real Estate	Infrastructure	Parent Company and Others	Eliminations	Consolidated
REVENUES								
Third parties	100,064,189	478,830	30,645,290	2,978,619	70,913	1,014,435	-	135,252,276
Inter-segment	40,774	-	-	-	-	187,500	(228,274)	-
Total revenue	100,104,963	478,830	30,645,290	2,978,619	70,913	1,201,935	(228,274)	135,252,276
RESULTS								
Segment results	27,755,105	(30,929)	1,078,201	576,093	(34,104)	(175,119)	-	29,169,247
Unallocated corporate income (expenses)	(1,247,528)	14,248	1,453,119	(53,150)	602	882,203	-	1,049,494
INCOME FROM OPERATIONS								30,218,741
Interest Expense	(8,477,013)	(5,599)	(580,716)	(45,152)	-	(1,165,156)	33,331	(10,240,305)
Interest Income	557,289	1,140	168,194	48,172	3,449	360,234	(38,287)	1,100,191
Share in net earnings of associates	3,596,877	2,992,847	1,812	(11,719)	(73,753)	14,774,668	(14,774,921)	6,505,811
Provision for Income tax	(2,578,655)	(4,646)	(431,518)	(68,447)	(3,303)	(148,500)	-	(3,235,069)
NET INCOME								24,349,369
OTHER INFORMATION - as of December 31, 2018								
Segment assets	88,708,608	-	25,826,719	12,535,860	1,657,628	8,978,433	(218,892)	137,488,356
Investments and advances	34,334,126	46,025,202	55,807	1,464,124	25,238,659	125,271,699	(125,430,060)	106,959,557
Unallocated corporate assets	266,619,443	-	29,879,783	6,066,913	1,901,742	6,178,278	(600,002)	310,046,157
Consolidated total assets								554,494,070
Segment liabilities	251,543,579	-	38,912,790	7,673,226	3,031,839	32,684,201	(793,133)	333,052,502
Unallocated corporate liabilities	1,541,930	-	402,658	655,099	745	363,297	-	2,963,729
Consolidated total liabilities								336,016,231
	January - September 30, 2018							
Capital expenditures								(9,653,157)
Depreciation and amortization	6,339,775	27,485	617,883	47,291	5,093	109,266	-	7,146,793

18. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and cash equivalents, investments in equity and debt instruments, bank loans, long-term debt, lease liabilities 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, investments in equity and debt instruments 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 September 30, 2019, 19.2% of the Group's long-term debt had floating interest rates ranging from 2.0% to 6.0 %, and 80.8% are with fixed rates ranging from 4.1% to 9.0%. As of December 31, 2018, 14.1% of the Group's long-term debt had floating interest rates ranging from 2.6% to 4.3 %, and 85.9% are with fixed rates ranging from 4.0% to 9.0%.

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

As of September 30, 2019

	Less than 1 year	1-5 years	More than 5 years	Total
Long-term debts				
Floating rate	**1,963,541**	**22,400,075**	**19,546,927**	**43,910,543**

As of December 31, 2018

	Less than 1 year	1-5 years	More than 5 years	Total
Long-term debts				
Floating rate	2,779,079	22,686,231	4,352,737	29,818,047

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.

Interest expense and other finance charges recognized according to source during the comparative periods are as follows:

	January-September 2019	January-September 2018
Long term debt	**8,034,602**	6,234,077
Lease liabilities	**3,160,206**	3,466,630
Bank loans	**1,049,819**	505,673
Long-term obligation on PDS and others	**269,157**	32,703
Customers' deposits	**293**	1,222
	12,514,077	10,240,305

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) for the periods ended September 30, 2019 and 2018:

	Increase (decrease) in basis points	Effect on income before tax
September 30, 2019	**200**	**(656,854)**
	(100)	**328,427**
September 30, 2018	200	(552,992)
	(100)	276,496

The Group's sensitivity to an increase/decrease in interest rates pertaining to derivative instruments is expected to be insignificant during the first nine months of 2019 and 2018 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 statements of income.

Foreign exchange risk
The foreign exchange risk of the Group pertains significantly to its foreign currency denominated borrowings, including lease liabilities. 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 September 30, 2019 and December 31, 2018, foreign currency denominated borrowings account for 30.43% and 29.17%, respectively, of total consolidated borrowings.

Presented below are the Group's foreign currency denominated financial assets and liabilities as of September 30, 2019 and December 31, 2018, translated to Philippine Peso:

		September 30, 2019			December 31, 2018	
		US Dollar	**Philippine Peso equivalent[1]**		US Dollar	Philippine Peso equivalent[2]
Financial Assets						
Cash and cash equivalents	**$**	**198,359**	**10,280,952**	$	342,461	18,006,600
Trade and other receivables		**99,823**	**5,173,811**		120,235	6,321,968
Investments in financial assets at FVTPL or amortized cost		**18,751**	**971,889**		11,131	585,272
Total financial assets		**316,933**	**16,426,652**		473,827	24,913,840
Financial Liabilities						
Bank loans		**54,770**	**2,838,730**		57,861	3,042,346
Trade and other payables		**142,370**	**7,379,045**		164,911	8,671,016
Long-term debt		**565,917**	**29,331,492**		257,956	13,563,350
Lease liabilities		**446,904**	**23,163,034**		479,512	25,212,741
Total financial liabilities		**1,209,961**	**62,712,301**		960,240	50,489,453
Total net financial liabilities	**$**	**(893,028)**	**(46,285,649)**	$	(486,413)	(25,575,613)

[1]USD1 = P51.83
[2]USD1 = P52.58

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 September 30, 2019 and December 31, 2018.

	Increase/ (decrease) in US Dollar	Effect on income before tax
September 30, 2019		
US Dollar denominated accounts	**US Dollar strengthens by 5%**	**(2,314,282)**
US Dollar denominated accounts	**US Dollar weakens by 5%**	**2,314,282**
December 31, 2018		
US Dollar denominated accounts	US Dollar strengthens by 5%	(1,278,781)
US Dollar denominated accounts	US Dollar weakens by 5%	1,278,781

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 comprehensive 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 September 30, 2019 and December 31, 2018, the Group's exposure to equity price risk is minimal.

Credit risk

For its cash investments, investments in debt or equity instruments, 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 investments in equity and debt instruments, 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.

Concentration risk

Credit risk concentration of the Group's receivables according to the customer category is summarized in the following table:

	September 30, 2019	December 31, 2018
Power distribution:		
Industrial	**5,233,739**	4,973,567
Residential	**2,172,691**	1,676,936
Commercial	**1,032,521**	778,623
City street lighting	**40,633**	30,006
Power generation:		
Power supply contracts	**1,552,811**	4,567,682
Spot market	**4,920,753**	2,533,211
	14,953,148	14,560,025

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 September 30, 2019 and December 31, 2018, the portion of the total long-term debt, inclusive of customers' deposits, that will mature in less than one year is 9.40% and 5.61%, 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 P41.1 billion and P33.1 billion as of September 30, 2019 and P59.0 billion and P35.1 billion as of December 31, 2018, respectively. These financial assets will be used to fund short-term and operational liquidity needs of the Group.

The table below analyzes 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:

September 30, 2019

		Contractual undiscounted payments				
	Total Carrying Value	**Total**	**On demand**	**> 1 year**	**1 to 5 years**	**> 5 years**
Financial Liabilities						
Operating						
Trade and other payables*	**36,606,127**	**36,606,127**	**1,825,158**	**27,331,272**	**7,449,697**	**-**
Customers' deposits	**6,485,646**	**6,485,646**	**-**	**25,199**	**149,700**	**6,310,747**
Financing						
Bank loans	**33,393,830**	**33,393,830**	**-**	**33,393,830**	**-**	**-**
Long-term debt	**228,954,470**	**285,380,925**	**-**	**38,074,932**	**121,179,017**	**126,126,976**
Lease liabilities	**46,181,280**	**57,971,785**	**-**	**9,565,017**	**42,291,917**	**6,114,851**
Long-term obligation on power distribution system	**232,887**	**400,000**	**-**	**40,000**	**200,000**	**160,000**
Others						
Derivative liability	**2,186,306**	**3,632,407**	**-**	**1,844,171**	**1,788,236**	**-**
Total	**354,040,546**	**423,870,720**	**1,825,158**	**110,274,421**	**173,058,567**	**138,712,574**

*Excludes statutory liabilities

December 31, 2018

		Contractual undiscounted payments				
	Total Carrying Value	Total	On demand	> 1 year	1 to 5 years	> 5 years
Financial Liabilities						
Operating						
Trade and other payables*	33,722,947	33,722,947	2,472,160	27,928,222	3,322,565	-
Customers' deposits	6,127,788	6,127,788	-	24,546	99,408	6,003,834
Financing						
Bank loans	26,978,586	27,027,903	-	27,027,903	-	-
Long-term debt	211,432,367	309,677,645	-	42,126,194	129,514,140	138,037,311
Lease liabilities	46,894,355	66,433,090	-	9,052,200	41,790,990	15,589,900
Long-term obligation on power distribution system	213,496	400,000	-	40,000	200,000	160,000
Others						
Derivative liability	161,565	159,926	-	159,926	-	-
Total	325,531,104	443,549,299	2,472,160	106,358,991	174,927,103	159,791,045

*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 September 30, 2019 and December 31, 2018.

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 September 30, 2019 and December 31, 2018 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, lease liabilities, 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 September 30, 2019 and December 31, 2018 are as follows:

	September 30, 2019	December 31, 2018 (As restated)
Bank Loans	**33,393,830**	26,978,586
Long - term obligations	**275,135,750**	258,326,722
Cash & cash equivalents and restricted cash	**(48,602,650)**	(64,322,174)
Net Debt (a)	**259,926,930**	220,983,134
Equity	**210,069,071**	218,477,839
Equity and Net Debt (b)	**469,996,001**	439,460,973
Gearing Ratio (a/b)	**55.30%**	50.29%

19. Financial Instruments

Fair Value of Financial Instruments

Fair value is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. 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 maket 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 an inactive 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.

	September 30, 2019		(As restated)	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets:				
PSALM deferred adjustment	**3,443,795**	**3,106,994**	4,225,950	3,889,099
Financial liabilities				
Lease liabilities	**46,181,280**	**38,362,942**	46,894,355	40,495,647
Long-term debt - fixed rate	**185,043,926**	**183,046,857**	181,614,320	174,822,840
PSALM deferred adjustment	**3,443,795**	**3,106,994**	4,225,950	3,889,099
Obligations on power distribution system	**232,887**	**298,273**	213,496	278,801
Total	**234,901,888**	**224,815,066**	232,948,121	219,486,387

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 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.

Lease liabilities. The fair value of the lease liabilities on 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.

Variable-rate borrowings. Where the repricing of the variable-rate interest-bearing instruments is frequent (i.e., three-month repricing), the carrying value approximates the fair value. Otherwise, the fair value is determined by discounting the principal plus the known interest payment using current market rates.

Long-term obligation on PDS. The fair value of long term obligation 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.

Financial assets at FVTPL. These equity securities are carried at fair value.

Derivative asset and liabilities

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 Group enters into derivative financial instruments with financial institutions with investment grade credit ratings. Derivative valued using a valuation technique with market observable inputs pertains to a foreign exchange forward contract. The most applied valuation technique is forward pricing. The model incorporates various inputs including the credit quality of counterparty and foreign exchange spot and forward rates.

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 entered 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 September 30, 2019 , the Group recognized net derivative liabilities relating to these contracts amounting to P2,132 million, and as of December 31, 2018, net derivative assets amounting to P131 million.

The movements in fair value changes of all derivative instruments for the year ended September 30, 2019 and December 31, 2018 are as follows:

	September 30, 2019	(As restated)
At beginning of period	**131,263**	294,364
Net changes in fair value of derivatives designated as accounting hedges	**(2,296,396)**	(125,642)
Net changes in fair value of derivatives not designated as accounting hedges	**(23,667)**	(72,252)
Fair value of settled instruments	**56,239**	34,793
At end of period	**(2,132,561)**	131,263

The gains or losses from the net fair value changes of derivatives not designated as accounting hedges are included as “Net foreign exchange gains (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 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 September 30, 2019 and December 31, 2018, the Group held the following financial instruments that are measured and carried or disclosed at fair value:

September 30, 2019

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
Investments in financial assets at FVTPL	**833,684**	**833,684**	**-**	**-**
Derivative asset	**53,745**	**-**	**53,745**	**-**
Derivative liability	**2,186,306**	**-**	**2,186,306**	**-**
Disclosed at fair value:				
Lease liabilities	**38,362,942**	**-**	**-**	**38,362,942**
Long-term debt - fixed rate	**183,046,857**	**-**	**-**	**183,046,857**
Obligations on power distribution system	**298,273**	**-**	**-**	**298,273**

(As restated)

	Total	Level 1	Level 2	Level 3
Carried at fair value:				
Investments in financial assets at FVTPL	353,734	353,734	-	-
Investments in financial assets at FVOCI	225,552	225,552	-	-
Derivative asset	292,828	-	292,828	-
Derivative liability	161,565	-	161,565	-
Disclosed at fair value:				
Lease liabilities	40,495,647	-	-	40,495,647
Long-term debt - fixed rate	174,822,840	-	-	174,822,840
Obligations on power distribution system	278,801	-	-	278,801

During the periods ended September 30, 2019 and December 31, 2018, there were no transfers between level 1 and level 2 fair value measurements and transfers into and out of level 3 fair value measurement.

20. Retained Earnings

On March 7, 2019, the BOD of the Company approved the declaration of regular cash dividends of P1.32 per share, taken out of the Company’s unrestricted retained earnings as of December 31, 2018, to all stockholders of record as of the close of business hours on March 21, 2019, payable on April 5, 2019.

The balance of retained earnings includes the accumulated equity in net earnings of subsidiaries, associates and joint arrangements amounting to P129.2 billion and P122.4 billion as at September 30, 2019 and December 31, 2018, respectively. Such amounts are not available for distribution until such time that the Company receives the dividends from the respective subsidiaries, associates and joint arrangements.

21. Disclosures

a. 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 precipitation seasonality greatly affects subsidiary companies HI, HSI, Hedcor Tudaya, Hedcor Sabangan and LHC, which operate 'run-of-river' hydropower plants since these plants do not have any means to impound water.

Any unexpected change in the seasonal aspects will have no material effect on the Group's financial condition or results of operations.

b. Property, Plant and Equipment and Investment Properties

During the nine-month period ended September 30, 2019, the Group's net additions to property, plant and equipment (PPE) and investment properties amounted to P9.8 billion, which include capitalized borrowing costs amounting to P889.8 million. A significant portion of the increase in PPE relates to the following project under "Construction in progress" as of September 30, 2019:

Project Company	Estimated costs to complete (in millions)		% of completion	
	September 30, 2019	December 31, 2018	**September 30, 2019**	December 31, 2018
TVI	**4,736**	7,246	**88%**	81%

The non-cash increase in investment properties during the nine-month period ended September 30, 2019 amounted to P1.9 billion, representing the P1.3 billion fair valuation gain on the re-appraisal of investment properties and P559 million carrying value of the newly-consolidated properties of Triplecrown Properties, Inc. (TCP) and 78 PointBlue, Inc. (PB). TCP and PB are the subsidiaries acquired by the Group in September, 2019.

c. Intangible Asset - Service Concession Rights

During the nine-month period ended September 30, 2019, the Group's addition to intangible asset - service concession rights amounted to P2.5 billion, which includes capitalized borrowing costs amounting to P233 million. This mainly relates to the on-going construction of a water treatment plant in Davao.

d. Dividends to Non-controlling Interests

The Company's material partly-owned subsidiary, AP and its subsidiaries, paid cash dividends amounting to P4.8 billion and P6.4 billion to non-controlling interests during the nine-month periods ended September 30, 2019 and 2018, respectively.

e. Material Events and Changes

1. AP's Acquisition of AA Thermal, Inc.

On May 2, 2019, AP completed its acquisition of a 49% voting stake and a 60% economic stake in AA Thermal, Inc., AC Energy's thermal platform in the Philippines.

This follows the execution of a share purchase agreement for the transaction last year, and the completion of all conditions precedent. The Philippine Competition Commission approved the transaction last February 28, 2019. The transaction is valued at USD 572.9 million, after adjustments.

AA Thermal has interests in GMCP, the owner and operator of an operating 2x316 MW coal plant in Mariveles, Bataan, and in GNPD, the developer and owner of a 2x668 MW supercritical coal plant project in Dinginin, Bataan, which is currently under construction.

The completion of the transaction increased the Group's economic interests in GMCP, and GNPD to 78.3%, and 70%, respectively, and resulted in the recognition of a P4.67 billion share in AP's acquisition of non-controlling interest.

2. AP Issuance of Third Tranche of Shelf Registered Bonds

On January 29, 2019, the Board of Directors of AP approved the issuance of up to Php16.8 billion fixed-rate retail bonds (the "Third Tranche Bonds") out of the Php30 billion bonds registered in 2017 under the shelf registration program of the Securities and Exchange Commission (SEC) (the "Shelf Registered Bonds"). AP issued the first tranche out of the Shelf Registered Bonds on July 3, 2017 in the amount of Php3 billion, and the second tranche on October 25, 2018 in the amount of Php10.2 billion.

On August 23, 2019, AP filed an application with the SEC to issue the Third Tranche Bonds, registered with the SEC under its shelf registration program on 19 June 2017. It is expected to be offered to the general public during the fourth quarter of 2019. The THird Tranche Bonds received an issue credit rating of "PRS Aaa", with a Stable Outlook, from the Philippine Ratings Services Corporation ("PhilRatings").

On September 30, 2019, AP received the Certificate of Permit to Offer Securities for Sale dated September 27, 2019 (the "Permit") from the SEC. The Permit allowed AP to issue the third tranche of its Php30 billion peso-denominated fixed-rate retail bonds. The third tranche bonds, with a principal amount of PhP 7 billion and an oversubscription option of up to PhP 5 billion (the "Bonds"), were issued on October 14, 2019. The offer period commenced on September 30, 2019 and ended on October 4, 2019.

AP received the approval of The Philippine Dealing and Exchange Corporation (PDEx) to list the third tranche of its Php30 billion debt securities program, equivalent to PhP 7.25 billion (the "Series "D" Bonds"). The PDEx approval paves the way for the secondary market trading of the Series "D" Fixed Rate Bonds, with a fixed interest rate of 5.2757% per annum maturing in 2026.

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 accelaration 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.

f. Events After the Reporting Period

There are no significant events to disclose.

g. 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.

h. 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.

C. SCHEDULE OF RELEVANT FINANCIAL RATIOS

	FORMULA	September 30, 2019	As restated in 2019 (As restated)
LIQUIDITY RATIOS			
Current ratio	Current assets / Current liabilities	**1.19**	1.80
Acid test ratio	Cash + Marketable Securities + Accounts Receivable+ Other Liquid Assets / Current liabilities	**0.80**	1.30
SOLVENCY RATIOS			
Debt to equity ratio	Total liabilities / Total equity	**1.74**	1.54
Asset to equity ratio	Total assets / Total equity	**2.74**	2.54
Net debt to equity ratio	Debt - cash & cash equivalents / Total equity	**1.24**	1.01
Gearing ratio	Debt - cash & cash equivalents / Total equity + (Debt - cash & cash equivalents)	**55.30%**	50.29%
Interest coverage ratio	EBIT / Net interest expense	**3.24**	3.86
PROFITABILITY RATIOS			
Operating Margin	Operating Profit / Total revenues	**16.2%**	20.95%
Return on Equity *	Net income after tax / Total equity	**Not Applicable**	Not Applicable

*Ratio marked * is deemed Not Applicable 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 : September 30, 2019

(amts in P000's)

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Power	10,502,016	972,690	279,981	3,198,461	14,953,148
Food Manufacturing	2,173,778	221,186	112,244	190,974	2,698,182
Real Estate	1,876,069	81,866	69,917	2,282,090	4,309,942
Infrastructure	7,853	296	290	1,579	10,018
Holding and Others	3,932,984	704,264	248,302	1,359,073	6,244,623
	18,492,700	**1,980,302**	**710,734**	**7,032,177**	**28,215,913**
Others	**10,203,560**	**11,738**	**39,955**	**237,088**	**10,492,341**
	28,696,260	**1,992,040**	**750,689**	**7,269,265**	**38,708,254**
Less Allowance for Doubtful Accounts					**2,910,588**
					35,797,666

AS OF : DECEMBER 31, 2018

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Power	10,336,906	949,185	245,639	3,185,844	14,717,574
Food Manufacturing	3,517,591	254,966	178,485	267,109	4,218,151
Real Estate	1,824,770	185,107	89,806	1,882,741	3,982,424
Infrastructure	6,286	3,063	0	0	9,349
Holding and Others	4,649,085	241,589	96,634	615,599	5,602,907
	20,334,638	**1,633,910**	**610,564**	**5,951,293**	**28,530,405**
Others	**12,214,414**	**8,913**	**6,536**	**236,530**	**12,466,393**
	32,549,052	**1,642,823**	**617,100**	**6,187,823**	**40,996,798**
Less Allowance for Doubtful Accounts					**2,455,396**
					38,541,402

ACCOUNTS RECEIVABLE DESCRIPTION

Type of Receivable	Nature / Description	Period
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