aboitiz
Equity Ventures

1 5 AUG 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. JOSEPH B. EVANGELISTA**
Head – Issuer Compliance and Disclosure Department

Gentlemen:

Please see enclosed SEC Form 17-Q (2nd 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

NAC Tower, 32nd Street, Bonifacio Global City, Taguig 1634, Metro Manila, Philippines
Tel: (632) 886-2800 | Fax: (632) 886-2404 | www.aboitiz.com

COVER SHEET

C	E	O	2	5	3	6				

S.E.C. Registration Number

A B O I T I Z   E Q U I T Y   V E N T U R E S   I N C .

(Company's Full Name)

3 2 N D   S T R E E T , B O N I F A C I O   G L O B A L

C I T Y , T A G U I G   C I T Y , M E T R O   M A N I L A

P H I L I P P I N E S

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

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

Fiscal Year	FORM TYPE	Annual Meeting
		4th Monday of April
1 2 / 3 1	1 7 - Q	0 4 / 2 2
Month *Day*		*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 ______________

S T A M P S

Remarks = Pls. use black ink for scanning purposes

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 **June 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) 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 (June 30, 2019)	**₱312,037,849,106.00**

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", the "Company", or the "Parent Company") and its subsidiaries (collectively, the "Group") 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-JUNE 2019	JAN-JUNE 2018
EQUITY IN NET EARNINGS OF INVESTEES	**3,624,927**	4,083,422
EBITDA	**26,494,406**	27,973,630
CASH FLOW GENERATED:		
Net cash flows from operating activities	**20,772,371**	14,347,896
Net cash flows used in investing activities	**(27,293,588)**	(3,815,397)
Net cash flows used in financing activities	**(9,083,606)**	(13,616,375)
Net Decrease in Cash & Cash Equivalents	**(15,604,823)**	(3,083,876)
Cash & Cash Equivalents, Beginning	**59,033,029**	64,870,214
Cash & Cash Equivalents, End	**44,076,881**	62,256,766
	JUNE 30, 2019	**DEC 31, 2018**
CURRENT RATIO	**1.37**	1.80
DEBT-TO-EQUITY RATIO	**1.82**	1.54

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

Despite the decline in certain KPI values, the Company’s profitability was 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 (i) partially finance capital expenditures, business acquisitions and cash dividend payments, and (ii) settle maturing financial obligations, with the uncovered portion being funded by debt.

The 5% decrease in consolidated EBITDA was mainly attributed to the increase in the cost of purchased power by the Company's Power Generation subsidiaries and a lower share in net earnings of power generation associate companies and JVs.

With higher total liabilities and lower equity as of the end of the current period, debt-to-equity ratio moved up to 1.82x (versus end-2018's 1.54x). Current ratio declined to 1.37x (versus end-2018's 1.80x) as current liabilities grew while current assets declined.

REVIEW OF JAN-JUNE 2019 OPERATIONS VERSUS JAN-JUNE 2018

RESULTS OF OPERATIONS

For the period ended June 30, 2019, AEV and its subsidiaries posted a consolidated net income of ₱8.95 billion, an 11% year-on-year (YoY) decrease. This translated to an earnings per share of ₱1.59 for the period in review. The Power Group continued to account for the bulk of income contribution at 67%, followed by the Financial Services, Food, Infrastructure, and Real Estate Groups at 24%, 6%, 2%, and 1%, respectively.

During the first half of 2019, the Group generated non-recurring gains of ₱78 million versus ₱467 million in non-recurring losses for the same period last year. The gains represent unrealized foreign exchange (forex) differential in restating dollar-denominated net debt due to the appreciation of the Philippine Peso against the US Dollar as of end of June 2019 (*vis-a-vis* a Peso depreciation as of end of June 2018). Stripping out these one-off items, the Group's core net income for the period amounted to ₱8.87 billion, 16% lower than the previous year's ₱10.55 billion. AEV recorded a YoY 5% decrease in consolidated EBITDA for the first half of 2019, from ₱27.97 billion to ₱26.49 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 half of 2019 with an income contribution of ₱6.66 billion, a 5% decrease from last year's ₱7.01 billion. Netting out non-recurring gains recognized during the period, AP's contribution to the Group's core net income decreased by 19% YoY from ₱8.08 billion to ₱6.56 billion.

The Power Generation and Retail Electricity Supply Group's bottom-line contribution to AEV declined by 5%, from ₱6.55 billion in the first half of 2018 to ₱6.24 billion during the first half of 2019. Adjusted for non-recurring items, the Power Generation and Retail Electricity Supply Group's core net income contribution decreased by 15% YoY to ₱6.13 billion. This decline was primarily due to the increase in cost of purchased power attributed to higher volume and spike in spot market prices during the current period. AP had purchased replacement power as a result of outages and contracting ahead in anticipation of incoming capacity as Therma Visayas, Inc. (TVI) came online in mid-April 2019.

AP also recorded lower capacity sold for the first half of 2019, from 3,213 megawatts (MW) in 2018 to 3,035 MW this year. This was due to Therma Mobile, Inc.'s (TMO) bunker C-fired diesel power plants being put on preservation mode in the first quarter of 2019.

The Power Distribution Group's earnings contribution to AEV decreased by 12% YoY from ₱1.60 billion in the first half of 2018 to ₱1.41 billion during the same period this year, which was largely due to the lost margins from the decommissioning of the Bajada power plant. This decline was partly tempered by the 5% increase in energy sales (2,842 gigawatt-hours (GWh) in the first half of 2019 versus 2,719 GWh in the same period in 2018), owing to growth in new customers across all segments.

Banking & Financial Services

Income contribution from this industry group increased by 3% YoY, from ₱2.31 billion to ₱2.37 billion.

On a stand-alone basis, Union Bank of the Philippines (UBP) and its subsidiaries recorded a net income of ₱4.80 billion for the first half of 2019, 2% higher compared to the ₱4.71 billion earned during the same period last year. This was largely a result of sustained growth of earning assets despite lower margins and strategic investment in its digital transformation. Higher fee income from consumer businesses and securities trading gains also contributed to the improved bottom-line for the period.

Food

Income contribution from AEV's Food Group (Philippine-based Pilmico Foods Corporation and its subsidiaries, Singapore-based AEV International Pte. Ltd. (AEVI), which owns 100% of Pilmico International Pte. Ltd. (Pilmico International) and its subsidiaries, which now includes Gold Coin Management Holdings Limited (GCMH) and its subsidiaries) decreased by 17% to ₱552 million during the first half of 2019 from ₱662 million during the same period in 2018. In particular, Feeds Philippines and Farms recorded a decrease in their income contributions, while the Flour business and Pilmico International reported an increase.

Feeds Philippines' 65% YoY decline in net income was due to increased operating expenses during the first half of 2019. Farms' net income for the period decreased 85% YoY due to higher cost of feeds combined with the decrease in selling price of live hogs. These decreases in Feeds Philippines were partly offset by the growth in the Flour business segment's net income which increased by 230% on the back of improved selling prices. Pilmico International's net income contribution for the first half of 2019 likewise increased to ₱412 million from ₱8 million during the same period last year, driven by the fresh income contribution of GCMH (which was acquired in July 2018). This was partly offset by the ₱245 million in AEVI's financing costs related to the acquisition of GCMH.

Real Estate

AboitizLand, Inc. (AboitizLand) and its subsidiaries, reported a consolidated net income of ₱60 million in the first half of 2019, 79% lower than the ₱283 million net income recorded in the same period in 2018. This was mainly due to the decrease in revenues resulting from the deferred recognition of industrial lot sales, which more than offset the improvement in revenue contributions from the residential business unit driven by the significant construction progress in key projects.

Infrastructure

Republic Cement and Building Materials, Inc.'s (Republic) income contribution to AEV amounted to ₱249 million for the first half of 2019, 473% higher than the ₱44 million reported in the same period last year. This was mainly due to improved control on production costs together with higher market prices and increased private sector demand.

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

For the period ended June 30, 2019, consolidated net income allocable to the equity holders of AEV registered an 11% YoY decrease, reaching ₱8.95 billion from ₱10.09 billion during the same period last year.

Operating profit for the current period amounted to ₱15.33 billion, a 13% decrease YoY, as the ₱21.42 billion increase in costs and expenses during the period surpassed the ₱19.18 billion increase in revenues.

Revenues for the first half of 2019 rose 23%, from ₱83.37 billion in the same period in 2018 to ₱102.55 billion, due to the increase in Sale of Goods by the Food Group which was up 143%, or ₱21.57 billion, mainly due to the fresh ₱20.07 billion worth of 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 2% or ₱1.2 billion mainly from the decrease in revenues of TMO and GNPower Mariveles Coal Plant Ltd. Co. (GMCP), owing to TMO's being put on preservation mode in the first quarter of 2019 and GMCP's lower plant availability due to unplanned outages during the first half of 2019. These decreases were partly offset by higher electricity sales of the distribution utilities.
b. Real Estate Revenue - down 28% or ₱544 million mainly due to deferred recognition of industrial lot sales during the first half of 2019.
c. Service Fees - down 53% or ₱638 million mainly due to the deconsolidation of the revenue of PETNET in 2019. PETNET was sold to UBP, an associate company, towards the end of 2018, and was no longer consolidated with AEV starting December 2018.
d. Others - down 13%, or by ₱14 million, substantially due to the lower underwriting revenues recorded by Archipelago Insurance Pte Ltd (AIPL).

Costs and Expenses for the first half of 2019 rose 33%, from ₱65.80 billion in the corresponding period in 2018 to ₱87.22 billion, due to the following:

a. Cost of Generated Power – up 9% or ₱2.96 billion mainly attributed to the start of operations of TVI in 1H2019, and full first half 2019 operations of Hedcor Bukidnon, Inc. (Hedcor Bukidnon) and Pagbilao Energy Corporation (PEC).
b. Cost of Goods Sold by Food Group – up 150% or ₱18.89 billion mainly due to the fresh ₱18.57 billion costs of goods sold contribution of GCMH and the higher feeds cost of Farms.
c. Operating Expenses – up 11% or ₱1.74 billion mainly due to the fresh ₱1.42 billion operating expense (opex) contribution of GCMH and the P384 million increase in opex contribution of the AP group due to the start of operations of TVI and full operations of Hedcor Bukidnon and PEC during the first six months of 2019.

The above increases were partially offset by the following decreases:

a. Cost of Purchased Power – remained flattish as the decrease in the cost of purchased power of the Distribution Utilities (DU) slightly 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 half of 2019. The rise in the Power Generation Group's cost of purchased replacement power was due to higher purchase volumes during the period in review on account of outages and advance contracting, as well as the spike in spot market prices during the first half of 2019.

b. Real Estate Cost - correspondingly dropped by 27%, or by ₱320 million, as sales were down due to deferred recognition of industrial lot sales during the first six months of 2019.
c. Overhead Expenses - down 24%, or by ₱21 million, mainly due to lower overhead costs incurred by AEV Aviation.

Share in net earnings of associates and JVs declined by 11% YoY (₱3.62 billion during the first half of 2019 versus ₱4.08 billion during the same period last year) due to the decrease in Net Income after Tax (NIAT) contributions from 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 half of 2019 compared to the same period in 2018, and (ii) GN Power Dinginin Ltd. Co.'s (GNPD) lower NIAT, which was mainly due to forex gain recorded in the first half of 2018, as against a forex loss during the first six months of 2019. This was partly offset by the improvement in RCBM's net earnings contribution driven by improved control on production costs, higher market prices and increased private sector demand.

The decrease in operating profit and equity earnings coupled with higher interest expense was partly offset by higher other income, and as a result, pulled down the Group's overall profitability. Net interest expense increased by ₱1.41 billion, or by 25%, YoY resulting from higher average debt level in the first half of 2019.

Other income for the first half of 2019 increased to ₱2.36 billion from ₱123 million in the same period last year, mainly due to the ₱671 million forex gains recorded in the current period as compared to ₱1.43 billion forex loss in the first six months of 2018. This improvement was largely driven by the favorable movements of the Philippine Peso against the US Dollar in the first half of 2019 (*vis-a-vis* peso depreciation in the same period in 2018).

Net income attributable to non-controlling interests (NCI) for the first half of 2019 decreased to ₱3.64 billion from ₱3.86 billion in the same period last year, substantially due to the decrease in consolidated net income of AP.

AEV's consolidated comprehensive income attributable to equity holders decreased by 32%, from ₱11.63 billion during the first half 2018 to ₱7.92 billion this year. This decline was mainly due to the drop in AEV's consolidated net income coupled with the negative movement in cumulative translation adjustments.

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

Assets

Compared to year-end 2018 level, consolidated assets increased 3% to ₱572.40 billion as of June 30, 2019, due to the following:

a. Trade and other receivables, inclusive of noncurrent portion, increased by 7% (₱37.80 billion versus ₱35.36 billion as of December 31, 2018) mainly due to higher sales on account generated by TVI, TMO, and the retail electricity supply business during the current period.

b. Gross of depreciation expense, the resulting ₱9.28 billion combined growth in Property Plant and Equipment (PPE) and Investment Properties (IP) was mainly due to the following: (i) ₱1.05 billion on-going construction of AP's power plant; (ii) ₱2.75 billion various capex of Power and Food groups; (iii) ₱1.27 reclassification of the Real Estate Group's leased-out property from Land and Improvements to Investment Properties account and additional purchase of properties; and (iv) ₱4.11 billion recognition of right-of-use (ROU) assets on the Group's leases resulting from the adoption of PFRS 16. The decline in Property Held for Sale (*nil* versus ₱676 million in 2018) was due to the sale of transmission assets to the NGCP in February 2019.

c. Investments in and Advances to Associates and JVs increased by ₱26.51 billion (₱133.47 billion versus ₱106.96 billion as of December 31, 2018) mainly due to the ₱240 million additional acquisition of BWSI shares, AP's ₱25.23 billion AA Thermal, Inc. acquisition, and recording of ₱3.62 billion share in net earnings of associates and JVs. This increase was partially reduced by the ₱2.29 billion cash dividends received from associates and JVs during the first six months of 2019.

d. Intangible Asset - service concession right increased by 35% (₱5.11 billion versus ₱3.79 billion as of December 31, 2018) mainly due to ongoing site development of the Apo Agua Infrastructura, Inc. (Apo Agua) plant.

e. Deferred Income Tax Assets increased by 17% (₱2.71 billion versus ₱2.32 billion as of December 31, 2018) mainly due to the corresponding deferred tax benefits recognized by TMO on its net operating loss.

f. Other Noncurrent Assets (ONCA) increased by 15% (₱18.43 billion versus ₱15.98 billion as of December 31, 2018) primarily due to the recording of restricted cash by a Power Group subsidiary upon its receipt of proceeds from a damage claim against its contractors, which claim is 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 25% (₱44.08 billion versus ₱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. Land and Improvements declined by 36% (₱1.51 billion versus ₱2.34 billion as of December 31, 2018) due to the reclassification of Real Estate Group's leased-out property from Land and Improvements to Investment Properties account.

c. Derivative Assets (current and non-current) decreased by 92% (₱23 million versus ₱293 million as of December 31, 2018) mainly due to fair value changes on GMCP's interest rate swaps.

d. Other Current Assets (OCA) decreased by 11% (₱16.20 billion versus ₱18.29 billion as of December 31, 2018) mainly driven by the decrease in Therma South, Inc.'s (TSI) 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 31% (₱35.24 billion as of June 30, 2019 versus ₱26.98 billion as of December 31, 2018) mainly due to the additional loans availed of by the Power Group to fund working capital requirements. Long-term debt likewise increased by 7% (₱277.03 billion as of June 30, 2019 versus ₱258.54 billion as of December 31, 2018) substantially due to the issuance of retail bonds by AP (₱15.33 billion) and AEV Parent (₱4.98 billion), and additional long-term loan availments by Apo Agua (₱2.10 billion) and Hedcor Bukidnon (₱381 million) during the current period. This was partly offset by the settlement of maturing loans.

Trade and other payables, inclusive of noncurrent portion, increased by 15%, from ₱37.57 billion to ₱43.35 billion, mainly due to the Power Group's higher accrual of expenses relating to materials and supplies cost, energy fees and fuel purchase and receipt of proceeds from a damage claim against contractors, with claim is under dispute.

Income tax payable decreased by 59%, from ₱535 million as of December 31, 2018 to ₱219 million for first six months of 2019, mainly due to lower provision for taxes by the Real Estate Group.

Derivative liabilities (current and non-current) increased by 673% (₱1.25 billion as of June 30, 2019 versus ₱162 million as of December 31, 2018). This was mainly due to fair value changes of the Power Group‘s foreign currency forward contracts and commodity swap contracts.

Pension liability, net of pension asset, increased by 10%, from ₱328 million to ₱359 million, mainly due to accrual of retirement expense during the current period.

Equity

Equity attributable to equity holders of the parent decreased by 6% from year-end 2018 level of ₱174.69 billion to ₱164.97 billion, mainly due to the ₱9.94 billion acquisition of minority interest, ₱7.44 billion cash dividends paid and ₱278 million retained earnings adjustment related to PFRS 16 adoption. This was partly offset by the ₱8.95 billion net income recorded during the period.

MATERIAL CHANGES IN LIQUIDITY AND CASH RESERVES OF REGISTRANT

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

Consolidated cash generated from operating activities in for the first half of 2019 increased by ₱6.42 billion to ₱20.77 billion, mainly due to the lower volume of sales on account and decrease in restricted cash during the first six 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 ₱27.29 billion net cash used in investing activities versus last year's ₱3.82 billion. This was mainly due higher cash disbursed on additional investments in associates.

Net cash used in financing activities was ₱9.08 billion versus ₱13.62 billion in the same period last year. This was largely attributed to the higher debt availed of during the first half of 2019 compared to same period last year, partly which was offset by higher funds used to acquire additional stakes in existing power and food subsidiaries during the current period.

During the period in review, net cash outflows surpassed cash inflows, resulting in a 25% decrease in cash and cash equivalents from ₱59.03 billion as of year-end 2018 to ₱44.08 billion as of June 30, 2019.

FINANCIAL RATIOS

Financial ratios as of June 30, 2019 remained within management's expectations. Current ratio stood at 1.37x as of the end of the first half of 2019 compared to 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 1.82:1 at the end of the first half of 2019 due to the combined effect of the increase in total liabilities increased and decrease in equity as of June 30, 2019.

Outlook for the Upcoming Year/Known Trends, Events, and Uncertainties Which May Have 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 6.2% in 2019 due to: (i) election spending, and (ii) public and private construction supported by strong and continuing public expenditure on infrastructure development projects. Aboitiz Equity Ventures Inc. (the "Company" or "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 also currently on track with its target to reach 4,000 MW net attributable capacity by 2020.

AboitizPower believes that it is well-positioned to take advantage of opportunities arising from developments in the power industry. Its sound 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") continues to implement its 10-year business transformation roadmap called FOCUS 2020, with its goal of becoming one of the top three universal banks in the Philippines in terms of profitability ratios. This business transformation roadmap veers away from traditional metrics such as asset size or branch network, and focuses on financial value to stakeholders, operational excellence, customer franchise/share of wallet, unique customer experience, and delivering superior and innovative products and services.

Now that the Bank is at the tail-end of its FOCUS 2020 strategic plan, it has turned its focus towards a recurring income business model. Most of the Bank's revenues are already recurring in nature as its loan portfolio continues to grow. UnionBank believes it has progressed towards its objective of becoming one of the country's leading retail banks, which requires 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. The retail segment already accounts for a significant portion of the Bank's revenues.

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. This strategy is composed of the following:

1) Strengthen its present business model by repositioning itself as a Digital Bank. The Bank's goal is to widen its scope into adjacent markets and acquire new skills in key segments, but with the use of the latest technology into its core banking systems to improve operational efficiencies and ramp up scale towards achieving its goal of inclusive prosperity and becoming a leading Mass Market Bank; and

2) Search for new business models of the future where banking may become embedded in people's day-to-day lives. The objective is for the Bank to be immersed in emerging technologies - such as the

blockchain and the token economy - that may disrupt the banking industry. This will involve banking, enabling, and investing in fintechs to be part of the financial landscape's future direction. Moreover, the Bank plans to integrate technology to its core banking system in order to deliver these platforms. Ultimately, the Bank intends 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 innovation and technology company, UBX. UBX is UnionBank's wholly-owned subsidiary which 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).

In 2019, the Bank expects to continue the growth of its loan business segment. Likewise, the Bank expects margins to improve as assets reprice amid a more benign interest rate environment for the year given a low inflation environment. Lastly, the Bank begins the 3rd phase of its digital transformation journey which is the scaling up of its digital customer touchpoints – launch of enhanced features in the UnionBank Online mobile app such as account opening, debut of our improved business banking platform called *"The Portal"*, and the roll out of more Ark/Arklites (digital branches).

UnionBank has allotted ₱2 billion (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 36,000 heads by 2025, 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 mn ready-to-lay hens. This expected surge in layers capacity (8x from 2018 levels) will result in a monthly production of 27 mn eggs by 2025.

Feeds Philippines continues to strengthen its market position with additional capacity expansions programmed up to 2025. New expansions of feedmill plants is expected to double volume in the next six 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 has 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 is expected to break ground 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.

2019 is a fresh start to a new multinational Food Group. Together with the Gold Coin Group, the Pilmico is surrounded with many opportunities to advance business and communities locally and abroad. The business will leverage on people development and digital transformation in order to achieve its goals to deliver solutions to customers and differentiate against competitors. Through an agile workforce enabled by technology and operational excellence, the Food Group is confident that it is well-positioned to capitalize on market volatility and deliver its brand promise of being a customer's partner for growth.

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 million passengers.

On February 26, 2019, AIC was also granted Original Proponent Status by the Civil Aviation Authority of the Philippines (CAAP) for its 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). The ₱42.7 billion project involves capacity augmentation through expansion or construction of new passenger terminals, installation of required equipment, and enhancement and development of airside facilities.

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 also signed a MOU with Globe last July 2, 2019 which begins the negotiations for the first batch of towers AIC intends to deliver.

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 million 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 28, 2019, Apo Agua received the second and last batch of steel coils to be used for the manufacturing of 65 kilometers of raw and treated water pipelines needed for the project. Physical construction has commenced in the intake and water treatment plant sites. Laying of pipes are expected to begin 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. Water sales as of the first half of 2019 registered at 1.44 million cubic meters (mcm), up by 18% compared to the same period last year due to strong demand growth from both existing and new locators. 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.

AIC intends to use its current water portfolio (which also includes a stake in Balibago Water 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 the first half of 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 county 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* & *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.

Furthermore, *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.

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	15 AUG 2019
Authorized Officer of the Issuer	**Manuel Alberto R. Colayco**
Signature and Title	**First Vice President and Chief Legal Officer/Corporate Secretary/Chief Compliance Officer**
Date	15 AUG 2019

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS

(Amounts in thousands)

	June 30, 2019 Unaudited	As restated in 2019 December 31, 2018 Audited
ASSETS		
Current Assets		
Cash and cash equivalents	**44,076,881**	59,033,029
Trade and other receivables	**37,529,405**	35,099,504
Inventories	**21,708,975**	21,977,439
Land and improvements	**1,507,205**	2,340,113
Derivative asset	**23,129**	71,583
Other current assets	**16,198,065**	18,290,868
Property held for sale	**-**	675,819
Total Current Assets	**121,043,660**	137,488,355
Noncurrent Assets		
Investments and advances	**133,468,561**	106,959,557
Property, plant, and equipment - net	**225,998,670**	221,689,945
Intangible asset - service concession right	**5,110,535**	3,791,377
Investment properties - net	**7,867,292**	8,224,667
Trade and other receivables - net of current portion	**275,608**	258,809
Investments in financial assets at FVTPL	**599,961**	353,734
Debt investments at amortized cost	**381,807**	453,871
Investments in financial assets at FVOCI	**-**	225,552
Derivative asset - net of current portion	**-**	221,245
Net pension asset	**150,904**	158,575
Deferred income tax assets	**2,713,433**	2,324,773
Goodwill	**56,361,131**	56,361,132
Other noncurrent assets - net	**18,433,445**	15,982,477
Total Noncurrent Assets	**451,361,348**	417,005,713
TOTAL ASSETS	**572,405,008**	554,494,069
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	**35,236,532**	26,978,586
Trade and other payables	**35,425,456**	33,870,274
Derivative liability	**1,248,163**	161,565
Current portions of:		
Long-term debts	**11,299,820**	10,702,974
Long-term obligation on Power Distribution System (PDS)	**40,000**	40,000
Lease liabilities	**4,752,657**	4,131,059
Income tax payable	**219,429**	535,233
Total Current Liabilities	**88,222,056**	76,419,692
Noncurrent Liabilities		
Noncurrent portions of:		
Lease liabilities	**42,273,070**	42,763,296
Long-term debts	**218,475,771**	200,729,393
Long-term obligation on PDS	**186,423**	173,496
Trade payables	**7,929,025**	3,695,261
Customers' deposits	**6,364,565**	6,127,788
Asset retirement obligation	**3,812,511**	3,678,810
Deferred income tax liabilities	**1,915,413**	1,942,264
Net pension liability	**509,905**	486,232
Total Noncurrent Liabilities	**281,466,683**	259,596,539
Total Liabilities	**369,688,739**	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	**(36,289)**	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	**(449,866)**	(435,068)
Share in cumulative translation adjustments of associates and joint ventures	**5,514**	250,295
Share in net unrealized mark-to-market gains on investments in financial assets at FVOCI of associates	**114,926**	114,527
Retained earnings		
Appropriated	**4,200,000**	4,200,000
Unappropriated	**149,779,116**	148,541,910
Treasury stock at cost	**(565,246)**	(565,246)
	164,967,361	174,690,527
Non-controlling Interests	**37,748,908**	43,787,311
Total Equity	**202,716,269**	218,477,838
TOTAL LIABILITIES AND EQUITY	**572,405,008**	554,494,069

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME

For the six months ended June 30, 2019 and June 30, 2018
(Amounts in thousands, except earnings per share amounts)
(Unaudited)

	For the six months ended June 30		For the quarter ended June 30	
	2019	2018	**2019**	**2018**
OPERATING REVENUES	**102,552,058**	83,372,412	**55,147,303**	46,196,127
OPERATING EXPENSES	**87,219,431**	65,797,630	**46,550,499**	37,034,246
FINANCIAL INCOME (EXPENSES)				
Interest income	**931,352**	676,110	**395,286**	324,398
Interest expense	**(8,069,561)**	(6,408,788)	**(4,091,942)**	(3,019,456)
	(7,138,210)	(5,732,679)	**(3,696,656)**	(2,695,058)
OTHER INCOME - NET				
Share in net earnings of associates and joint ventures	**3,624,927**	4,083,422	**2,058,205**	1,770,444
Other income	**2,362,427**	123,474	**1,207,307**	233,743
	5,987,354	4,206,896	**3,265,512**	2,004,188
INCOME BEFORE INCOME TAX	**14,181,771**	16,049,000	**8,165,660**	8,471,011
PROVISION FOR INCOME TAX	**1,590,155**	2,107,215	**642,093**	935,508
NET INCOME	**12,591,616**	13,941,785	**7,523,567**	7,535,503
ATTRIBUTABLE TO:				
Equity holders of the parent	**8,950,143**	10,086,146	**5,426,360**	5,260,494
Non-controlling interests	**3,641,473**	3,855,638	**2,097,207**	2,275,009
	12,591,616	13,941,785	**7,523,567**	7,535,503
EARNINGS PER COMMON SHARE				
Basic and diluted, for income for the year attributable to ordinary equity holders of the parent	**1.589**	1.790	**0.963**	0.934

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in thousands)

(Unaudited)

	For the six months ended June 30		For the quarter ended June 30	
	2019	**2018**	**2019**	**2018**
NET INCOME ATTRIBUTABLE TO:				
Equity holders of the parent	**8,950,143**	10,086,146	**5,426,360**	5,260,494
Non-controlling interests	**3,641,473**	3,855,638	**2,097,207**	2,275,009
	12,591,616	13,941,785	**7,523,567**	7,535,503
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified to consolidated statements of income:				
Share in movement in net unrealized mark-to-market gains (losses) on investments in financial assets at FVOCI of associates and joint ventures	**398**	68,874	**(103,573)**	-
Movement in net unrealized mark-to-market losses on investments in financial assets at FVOCI	**(7,579)**	(7,064)	**-**	(2,931)
Share in movement in cumulative translation adjustments of associates and joint ventures	**(280,640)**	(245,028)	**90,113**	(691,784)
Movement in cumulative translation adjustments	**(1,025,982)**	2,170,586	**(605,349)**	1,501,400
	(1,313,803)	1,987,368	**(618,809)**	806,685
Items that will not be reclassified to consolidated statements of income:				
Movement in actuarial gains (losses) on defined benefit plans, net of tax	**(3,105)**	(1,174)	**511**	(1,064)
Share in movement in actuarial gains (losses) on defined benefit plans of associates and joint ventures, net of tax	**(14,801)**	(22,252)	**25,422**	12,597
	(17,907)	(23,426)	**25,933**	11,533
TOTAL COMPREHENSIVE INCOME	**11,259,907**	15,905,726	**6,930,692**	8,353,721
ATTRIBUTABLE TO:				
Equity holders of the parent	**7,917,022**	11,629,619	**4,922,310**	5,899,851
Non-controlling interests	**3,342,885**	4,276,107	**2,008,381**	2,453,870
	11,259,907	15,905,726	**6,930,692**	8,353,721

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED JUNE 30, 2019, and DECEMBER 31, 2018

	Attributable to owners of the parent																	
	Share Capital		Additional	Net Unrealized Mark-to-market Gains (Losses) on Investments	Share in Net Unrealized Mark-to-market Gains on Investments in Financial Assets	Cumulative Translation	Share in Cumulative Translation Adjustments of	Actuarial Losses on Defined Benefit	Share in Actuarial Losses on Defined Benefit Plans of	Excess of Book Value over Acquisition Cost of an Acquired	Gain on	Acquisition of Non-controlling	Retained Earnings		Treasury		Non-controlling	
	Common	Preferred	Paid-in Capital	in Financial Assets at FVOCI	at FVOCI	Adjustments	Associates	Plans	Associates	Subsidiary	Dilution	Interests	Appropriated	Unappropriated	Stock	Total	Interests	Total
Balances at January 1, 2019	5,694,600	-	13,013,197	143	114,527	734,405	250,295	(676,765)	(435,068)	469,540	5,043,152	(1,679,549)	4,200,000	148,541,910	(565,246)	174,705,140	42,558,391	217,263,531
Effects of adoption of PFRS 16 (Leases)				-	-			-	-					(277,652)		(277,652)		(277,652)
Balances at January 1, 2019, as restated	5,694,600	-	13,013,197	143	114,527	734,405	250,295	(676,765)	(435,068)	469,540	5,043,152	(1,679,549)	4,200,000	148,264,258	(565,246)	174,427,488	42,558,391	216,985,880
Net income for the period														8,950,143		8,950,143	3,641,473	12,591,616
Other comprehensive income (loss)																		
Movement of mark-to-market losses on investments in financial assets at FVOCI				(143)												(143)	(7,437)	(7,579)
Share in movement of unrealized mark-to-market gains on investments in financial assets at FVOCI of associates					399											399	(0)	398
Movement in cumulative translation adjustments						(770,694)										(770,694)	(255,288)	(1,025,982)
Share in movement in cumulative translation adjustment of associates and joint ventures							(244,781)									(244,781)	(35,860)	(280,640)
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									(14,798)							(14,798)	(3)	(14,801)
Total comprehensive income (loss) for the period	-	-	-	(143)	399	(770,694)	(244,781)	(3,105)	(14,798)	-	-	-	-	8,950,143	-	7,917,022	3,342,885	11,259,907
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																-	(2,199,912)	(2,199,912)
Cash dividends														(7,435,286)		(7,435,286)	-	(7,435,286)
Cash dividends paid to non-controlling interests																-	(4,556,841)	(4,556,841)
Balances at June 30, 2019	**5,694,600**	**-**	**13,013,197**	**0**	**114,926**	**(36,289)**	**5,514**	**(679,870)**	**(449,866)**	**469,540**	**5,043,152**	**(11,621,412)**	**4,200,000**	**149,779,116**	**(565,246)**	**164,967,361**	**37,748,908**	**202,716,270**

	Attributable to owners of the parent																	
	Share Capital		Additional	Net Unrealized Mark-to-market Gains (Losses) on	Share in Net Unrealized Mark-to-market Gains (Losses) on	Cumulative Translation	Share in Cumulative Translation Adjustments of	Actuarial Losses. on Defined Benefit	Share in Actuarial Losses on Defined Benefit Plans of	Excess of Book Value over Acquisition Cost of an Acquired	Gain on	Acquisition of Non-controlling	Retained Earnings		Treasury		Non-controlling	
	Common	Preferred	Paid-in Capital	AFS Investments	AFS Investments	Adjustments	Associates	Plans	Associates	Subsidiary	Dilution	Interests	Appropriated	Unappropriated	Stock	Total	Interests	Total
Balances at January 1, 2018	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
Net income for the period														10,086,146		10,086,146	3,855,638	13,941,785
Other comprehensive income (loss)																		
Movement of mark-to-market losses on investments in financial assets at FVOCI				(6,754)												(6,754)	(310)	(7,064)
Share in movement of unrealized mark-to-market gains on investments in financial assets at FVOCI of associates					68,874											68,874	-	68,874
Movement of cumulative translation adjustments						1,693,233										1,693,233	477,353	2,170,586
Share in movement of cumulative translation adjustment of associates							(188,386)									(188,386)	(56,642)	(245,028)
Movement of net actuarial losses on defined benefit plan								(1,174)								(1,174)	-	(1,174)
Share in movement of net actuarial losses on defined benefit plan of associates									(22,320)							(22,320)	68	(22,252)
Total comprehensive income (loss) for the period	-	-	-	(6,754)	68,874	1,693,233	(188,386)	(1,174)	(22,320)	-	-	-	-	10,086,146	-	11,629,619	4,276,107	15,905,726
Cash dividends														(7,211,254)		(7,211,254)		(7,211,254)
Cash dividends paid to minority interests																-	(4,050,185)	(4,050,185)
Appropriation during the year													2,578,000	(2,578,000)		-		-
Changes in non-controlling interests																-	(2,642,008)	(2,642,008)
Balances at June 30, 2018	**5,694,600**	**-**	**13,013,197**	**10,525**	**(3,169,114)**	**1,882,698**	**(296,299)**	**(658,928)**	**(559,419)**	**469,540**	**5,043,152**	**(1,577,073)**	**4,200,000**	**135,897,821**	**(521,132)**	**159,429,567**	**35,736,211**	**195,165,778**

	Attributable to owners of the parent																			
	Share Capital		Additional	Net Unrealized Mark-to-market Gains (Losses) on Investments	Net Unrealized Mark-to-market Gains (Losses) on	Cumulative Translation	Share in Cumulative Translation Adjustments of	Share in Net Unrealized Mark-to-market Gains on Investments in Financial Assets	Share in Net Unrealized Mark-to-market Gains (Losses) on	Actuarial Losses on Defined Benefit	Share in Actuarial Gains (Losses) on Defined Benefit Plans of	Excess of Book Value over Acquisition Cost of an Acquired	Gain on	Acquisition of Non-controlling	Retained Earnings		Treasury		Non-controlling	
	Common	Preferred	Paid-in Capital	in Financial Assets at FVOCI	AFS Investments	Adjustments	Associates	at FVOCI	AFS Investments	Plans	Associates	Subsidiary	Dilution	Interests	Appropriated	Unappropriated	Stock	Total	Interests	Total
Balances at January 1, 2018, as previously reported	5,694,600	-	13,013,197	-	17,279	189,465	(107,913)	-	(3,229,610)	(666,132)	(537,099)	469,540	5,043,152	(1,577,073)	1,622,000	135,600,929	(521,132)	155,011,203	37,572,509	192,583,712
Effects of adoption of new accounting standards				(798)	(17,278)			95,077	3,229,610							810,043		4,116,653		4,116,653
Share in restatement of an associate																(312,784)		(312,784)		(312,784)
Balances at January 1, 2018, as restated	5,694,600	-	13,013,197	(798)	0	189,465	(107,913)	95,077	(0)	(666,132)	(537,099)	469,540	5,043,152	(1,577,073)	1,622,000	136,098,187	(521,132)	158,815,071	37,572,509	196,387,581
Net income for the year																22,232,977		22,232,977	9,005,820	31,238,797
Other comprehensive income (loss)																				
Movement of mark-to-market gains on investments in financial assets at FVOCI				941														941	(18,077)	(17,136)
Share in movement of unrealized mark-to-market gains on investments in financial assets at FVOCI of associates								19,450										19,450	(5,155)	14,295
Movement of cumulative translation adjustments						530,327												530,327	94,805	625,133
Share in movement of cumulative translation adjustment of associates							358,208											358,208	105,931	464,139
Movement of net actuarial losses on defined benefit plan										(10,633)								(10,633)	-	(10,633)
Share in movement of net actuarial gains on defined benefit plan of associates											102,031							102,031	10,198	112,229
Total comprehensive income (loss) for the year	-	-	-	941	-	530,327	358,208	19,450	-	(10,633)	102,031	-	-	-	-	22,232,977	-	23,233,301	9,193,523	32,426,824
Acquisition of minority interest														(102,476)				(102,476)	247	(102,229)
Acquisition of a subsidiary																		-	2,852,809	2,852,809
Cash dividends																(7,211,254)		(7,211,254)	-	(7,211,254)
Acquisition of treasury shares																	(44,114)	(44,114)	-	(44,114)
Reversal of / Appropriation during the year															2,578,000	(2,578,000)		-	-	-
Changes in non-controlling interests																		-	(5,831,777)	(5,831,777)
Balances at December 31, 2018	**5,694,600**	**-**	**13,013,197**	**143**	**0**	**719,792**	**250,295**	**114,527**	**(0)**	**(676,765)**	**(435,068)**	**469,540**	**5,043,152**	**(1,679,549)**	**4,200,000**	**148,541,910**	**(565,246)**	**174,690,527**	**43,787,311**	**218,477,839**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Amounts in thousands)

(Unaudited)

	For the six months ended June 30		For the quarter ended June 30	
	2019	**2018**	**2019**	**2018**
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income tax	**14,181,771**	16,049,000	**8,165,660**	8,471,011
Adjustments for:				
Share in net earnings of associates	**(3,624,927)**	(4,083,421)	**(2,058,204)**	(1,770,443)
Depreciation and amortization	**5,385,782**	4,576,070	**2,894,481**	2,408,947
Interest income	**(931,352)**	(676,110)	**(395,286)**	(324,398)
Interest expense and dividends on redeemable preferred shares	**8,069,562**	6,408,788	**4,091,942**	3,019,456
Amortization of computer softwares and other intangibles	**57,616**	53,453	**16,723**	9,361
Dividend income	**(5,313)**	(15,652)	**(4,298)**	(12,443)
Excess of FV over historical acquisition cost of an investment	**(5,984)**	-	**(2,948)**	-
Unrealized fair valuation gains on investments in financial assets at FVTPL	**(23,451)**	-	**(5,418)**	-
Unrealized fair valuation losses (gains) on derivatives	**1,227**	204,304	**(3,973)**	84,632
Write-off/provision for decline in value of project costs	**8,648**	-	**142**	-
Unrealized foreign exchange loss (gain)	**(1,267,933)**	1,562,973	**(1,228,845)**	378,334
Gain on sale of investments in shares of stock	**(4,382)**	-	**-**	-
Loss (gain) on sale of FVTPL, FVOCI & HTC investments	**3,517**	-	**(1,626)**	-
Loss (gain) on sale of property, plant & equipment	**270,425**	37,315	**(2,379)**	(67,620)
Operating income before working capital changes	**22,115,206**	24,116,721	11,465,971	12,196,837
Increase in operating assets	**(832,308)**	(12,820,631)	**(2,992,294)**	(7,848,783)
Increase in operating liabilities	**1,342,057**	5,303,304	**4,691,359**	5,526,293
Net cash generated from operations	**22,624,955**	16,599,395	**13,165,036**	9,874,348
Income and final taxes paid	**(1,852,584)**	(2,251,498)	**(1,331,763)**	(1,876,260)
Net cash flows from operating activities	**20,772,371**	14,347,896	**11,833,273**	7,998,088
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash dividends received	**2,960,631**	3,699,277	**1,004,946**	2,576,325
Interest received	**993,830**	757,465	**495,346**	436,442
Disposals of (additions to):				
Investments in financial assets at FVTPL, FVOCI and amortized cost	**40,292**	(237,876)	**287,903**	29,207
Investments in associates	**(25,487,348)**	(1,250,010)	**(24,347,116)**	(736,084)
Property, plant and equipment and investment properties- net	**(5,092,808)**	(6,435,104)	**(2,611,474)**	(2,857,309)
Increase in intangible assets	**(1,489,749)**	(343,959)	**(170,327)**	(313,355)
Decrease (increase) in other assets / (decrease) increase in other liabilities	**781,565**	(5,191)	**1,687,147**	(687,731)
Net cash flows used in investing activities	**(27,293,588)**	(3,815,397)	**(23,653,575)**	(1,552,505)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net proceeds from bank loans	**8,257,945**	2,317,282	**1,207,792**	4,021,506
Capital infusion collected from and other changes to non-controlling interests	**(4,556,841)**	(4,050,185)	**(3,033,175)**	(2,940,894)
Acquisition of non-controlling interests	**(14,342,852)**	-	**(14,342,852)**	-
Net proceeds from (settlements of) long-term debt	**19,927,902**	3,157,567	**20,297,016**	(6,069,699)
Interest paid	**(6,160,896)**	(3,321,122)	**(2,515,617)**	(1,233,628)
Payments of lease liabilities	**(4,773,578)**	(4,508,663)	**(2,515,590)**	(2,262,000)
Cash dividends paid to equity holders of the parent	**(7,435,286)**	(7,211,254)	**(7,435,286)**	(7,211,254)
Net cash flows used in financing activities	**(9,083,606)**	(13,616,375)	**(8,337,711)**	(15,695,969)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(15,604,823)**	(3,083,876)	**(20,158,013)**	(9,250,387)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	**648,674**	470,429	**646,517**	(57,496)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**59,033,029**	64,870,214	**63,588,378**	71,564,649
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	**44,076,881**	62,256,766	44,076,881	62,256,766

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

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

1. Revenues

	For the six months ended June 30		For the quarter
	2019	2018	**2019**
Sale of:			
Power and electricity	**63,834,244**	65,029,454	**34,808,302**
Goods	**35,647,246**	13,678,379	**18,708,415**
Real estate	**1,427,292**	1,971,170	**756,575**
Fair value of swine	**969,440**	1,367,614	**492,758**
Service fees	**576,247**	1,213,833	**319,826**
Others	**97,589**	111,962	**61,427**
	102,552,058	83,372,412	**55,147,303**

2. Costs & Expenses

	For the six months ended June 30		For the quarter
	2019	2018	**2019**
Cost of purchased power	**19,067,822**	19,150,844	**10,490,899**
Cost of generated power	**18,621,521**	17,402,739	**10,285,887**
Cost of goods sold	**31,482,471**	12,594,962	**16,420,613**
Operating expenses	**17,131,038**	15,391,453	**8,889,226**
Cost of real estate sales	**852,215**	1,172,712	**433,948**
Overhead expenses	**64,364**	84,920	**29,925**
	87,219,431	65,797,630	**46,550,499**

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

	For the six months ended June 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 gains on investments in financial assets at FVOCI of associates and joint ventures	**398**	**-**	**398**
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	**(1,025,982)**	**-**	**(1,025,982)**
Share in movement in actuarial losses on defined benefit plans of associates and joint ventures, net of tax	**(21,145)**	**6,343**	**(14,801)**
Share in movement in cumulative translation adjustments of associates and joint ventures	**(280,640)**	**-**	**(280,640)**
Other comprehensive loss for the period	**(1,339,384)**	**7,674**	**(1,331,710)**

	For the six months ended June 30, 2018		
	Before-Tax Amount	Tax Benefit	Net-of-Tax Amount
Financial assets at FVOCI:			
Net unrealized valuation losses arising during the period	(7,064)	-	(7,064)
Share in net unrealized mark-to-market gains on investments in financial assets at FVOCI of associates and joint ventures	68,874	-	68,874
Movement in actuarial losses on defined benefit plans, net of tax	(1,677)	503	(1,174)
Exchange differences in translating foreign currency-denominated transactions	2,170,586	-	2,170,586
Share in movement in actuarial losses on defined benefit plans of associates and joint ventures, net of tax	(31,789)	9,537	(22,252)
Share in movement in cumulative translation adjustments of associates and joint ventures	(245,028)	-	(245,028)
Other comprehensive income for the period	1,953,901	10,040	1,963,941

B. Notes to Consolidated FS

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 July 23, 2019, the Audit Committee of the Board of Directors of the Company approved and authorized the release of th accompanying unaudited condensed consolidated financial statements of the Group.

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

Basis of Financial Statement Preparation

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

The unaudited condensed consolidated financial statements are prepared in compliance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. Accordingly, the unaudited condensed consolidated financial statements do not include all of the information and disclosures required in the December 31, 2018 annual audited consolidated financial statements, and should be read in conjunction with the Group’s annual consolidated financial statements as of and for the year ended December 31, 2018.

Statement of Compliance

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

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.

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 elects to apply the standard to contracts that were previously identified as leases applying PAS 17. The Group does not apply the standard to contracts that were not previously identified as containing a lease applying PAS 17. The Group is also opting 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	8,328,674
Incremental borrowing rate as at January 1, 2019	3.40% to 14.51%
Discounted operating lease commitments at January 1, 2019	2,903,017
Less: Commitments relating to short-term leases	(48,071)
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 December 31, 2018	42,871
Others	(4,209)
Add: Commitments to leases previously classified as finance leases	46,894,355
Lease liabilities as at January 1, 2019	**49,783,838**

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

Property, plant and equipment - Right of Use (ROU) assets	992,958
Property, plant and equipment - finance lease	3,170,656
Investments in Associates & JVs	(18,692)
Other noncurrent assets - prepaid rent	(1,627,927)
Total Assets	**2,516,995**

Finance lease obligation	49,190,986
Lease liabilities	(46,301,503)
Retained Earnings	(277,652)
Non-controlling interests	(94,836)
Lease liabilities as at January 1, 2019	**2,516,995**

• 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.

This interpretation is not relevant to the Group because there is no uncertainty involved in the tax treatments made by management in connection with the calculation of current and deferred taxes as of June 30, 2019 and December 31, 2018.

- Annual Improvements to PFRSs 2015-2017 Cycle

- Amendments to PFRS 3, Business Combinations, and PFRS 11, Joint Arrangements,

  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.

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

Basis of Consolidation

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

		JUNE 30, 2019		DECEMBER 31, 2018	
	Nature of Business	**Direct**	**Indirect**	Direct	Indirect
Aboitiz Power Corporation (AP) and Subsidiaries	Power	**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
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) and Subsidiaries	Real estate	**–**	**100**	–	100
AEV International Pte. Ltd (AEV International) and Subsidiaries	Holding company	**100**	–	100	–
Pilmico International Pte. Ltd (Pilmico International) and Subsidiary	Holding company	**–**	**100**	–	100
Pilmico Vietnam Feeds Joint Stock Company (Pilmico Feeds)	Food manufacturing	–	**100**	–	100
Pilmico Viet Nam Trading Company, Ltd. (PVTC)	Trading	–	**100**	–	100
PT PILMICO Foods Indonesia (PFI)	Trading	**–**	**67**	–	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
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**	–	-
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 June 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.

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.

Leases - the Group as the lessee
In accounting for its leases in accordance to PFRS 16, the Group's management has made a judgment on which arrangements contain a lease. The Group's management has made a judgment on which of the leases are accounted under PFRS 16 and which of the leases qualify under recognition exemption. Those that can qualify under recognition exemption are those classified as short-term or of low-value assets. Accordingly, for the leases accounted under PFRS 16, the Group recognized the right-of-use assets and lease liabilities at the present value of the lease payments. The right-of-use assets are depreciated over its estimated useful life or the lease term whichever is shorter.

Nonconsolidation of AA Thermal, Inc. (AA Thermal) and GNPower Dinginin Ltd. Co. (GNPD)
The Group has 60% and 75% interest in AA Thermal and 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.

4. Investments and Advances

	June 30, 2019	December 31, 2018
Acquisition cost:		
Balance at beginning of period	71,388,350	63,458,834
Additions during the period	25,487,348	7,929,516
Balance at end of period	96,875,698	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	3,624,927	7,727,663
Cash dividends received and receivable	(2,289,535)	(5,144,481)
Balance at end of period	36,531,217	35,214,517
Gain on dilution	1,014,136	1,014,136
Share in net unrealized mark-to-market gains on FVOCI		
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	398	14,293
Balance, end of period	138,507	138,109
Share in cumulative translation adjustments of associates and joint ventures	38,991	319,631
Share in actuarial losses on retirement benefit obligation of associates and joint ventures	(471,819)	(457,018)
Share in net unrealized mark-to-market gains (losses) on FVOCI investments of associates, as previously reported		
At beginning of year, as previously reported	-	(3,200,873)
Cumulative share in impact of PFRS 9 adoption by an associate	-	3,200,873
Share in net unrealized mark-to-market gains (losses) on FVOCI investments of associates, as restated	-	-
	134,126,730	107,617,725
Advances to associates	22,562	22,562
Investments in associates at equity	134,149,292	107,640,288
Less allowance for impairment loss	680,731	680,731
	133,468,561	106,959,556

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

		% Ownership		Carrying Values	
	Nature of Business	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
Manila-Oslo Renewable Enterprise, Inc. (MORE) *	Holding company	83.33%	83.33%	10,306,347	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%	556,041	295,889
Gold Coin Feed Mills (B) Sdn. Bhd.	Feed Mills	20.00%	20.00%	57,852	55,807
AA Infrastructure Projects Corp.	Holding company	50.00%	50.00%	20,040	20
Cebu District Property Enterprise, Inc. (CDPEI) *	Real estate	50.00%	50.00%	1,456,422	1,464,124
Union Bank of the Philippines (UBP)	Banking	49.34%	49.36%	47,239,785	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%	683,121	492,463
San Fernando Electric Light & Power Co., Inc. (SFELAPCO)	Power distribution	43.78%	43.78%	385,547	385,272
Pampanga Energy Ventures, Inc. (PEVI)	Holding company	42.84%	42.84%	483,186	472,095
La Filipina Elektrika, Inc.**	Power generation	40.00%	40.00%	(1,006)	(998)
AA Thermal, Inc.	0.00%	60.00%	0.00%	268,689	-
STEAG State Power, Inc. (STEAG)	Power generation	34.00%	34.00%	4,146,314	4,185,758
Cebu Energy Development Corp. (CEDC)	Power generation	26.40%	26.40%	3,580,489	3,192,609
Redondo Peninsula Energy, Inc. (RP Energy)**	Power generation	25.00%	25.00%	527,626	528,383
Southern Philippines Power Corporation (SPPC)	Power generation	20.00%	20.00%	68,947	81,856
Western Mindanao Power Corporation (WMPC)	Power generation	20.00%	20.00%	109,636	106,524
GNPower Dinginin Ltd. Co.	Power generation	75.00%	45.00%	39,061,174	14,789,971

* *Joint venture*

** *No commercial operations.*

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

During the six-month period ended June 30, 2019, the Group's additions to property, plant and equipment (PPE) amounted to P5.1 billion, which includes capitalized borrowing costs amounting to P759.4 million. A significant portion of the Group's PPE relates to the following project under "Construction in progress" as of June 30, 2019:

Project Company	Estimated costs to complete (in millions)		% of completion	
	June 30, 2019	December 31, 2018	June 30, 2019	December 31, 2018
TVI	6,132	7,246	84%	81%

6. 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:

	Right-of-use assets					
	Land	Building	Power plant	Manufacturing	Total	Lease liabilities
As at January 1, 2019	3,274,333	688,168	34,122,457	201,113	38,286,071	49,783,838
Additions	24,829	1,853	-	4,289	30,971	26,529
Amortization expense	(34,083)	(82,949)	-	(17,246)	(134,277)	-
Capitalized Amortization	(2,133)	-	-	-	(2,133)	-
Interest expense	-	-	-	-	-	2,152,495
Capitalized Interest	-	-	-	-	-	745
Payments	-	-	-	-	-	(4,786,131)
Exchange Realignment / Others	(11,573)	(7,212)	-	(188)	(18,973)	(151,750)
As at June 30, 2019	**3,251,374**	**599,860**	**34,122,457**	**187,968**	**38,161,659**	**47,025,727**

Set out below, are the amounts recognized in the consolidated statements of income:

Amortization of ROU assets	134,277
Interest expense on lease liabilities	2,152,495
Rent expense - short-term leases	28,195
Rent expense - variable lease payments	1,327
	2,316,294

7. Trade and Other Payables - Current

	June 30, 2019	As restated in 2019 December 31, 2018
Trade	**16,720,498**	18,227,048
Others	**18,704,958**	15,643,227
	35,425,456	33,870,274

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

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

8. Bank Loans

	June 30, 2019		December 31, 2018	
	Interest Rate	**Amount**	Interest Rate	Amount
Financial institutions - unsecured:				
Peso loans	**4.30% - 6.00%**	**32,364,600**	3.1% - 5.0%	24,567,200
US Dollar loans	**3.40% - 3.60%**	**538,020**	2.5% - 3.3%	341,770
Vietnamese Dong loans	**4.25% - 6.30%**	**648,595**	2.4% - 6.3%	726,187
Chinese Yuan loans	**4.35% - 4.90%**	**955,067**	5.0% - 5.4%	906,726
Indonesia Rupiah loans	**9.50% - 9.76%**	**327,431**	9.3% - 10.2%	250,591
Other foreign currency-denominated loans	**4.50% - 5.80%**	**402,818**	5.2% - 13.5%	186,112
		35,236,532		26,978,586

9. Long-term Debts

	June 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%**	**15,372,000**		
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%**	**39,134,916**	LIBOR + 1.7% - 4.85%	41,375,202
Therma South, Inc.				
Financial institution - secured	**5.05%-5.69%**	**20,694,533**	5.05%-5.69%	21,349,704
AP Renewables, Inc.				
Financial institution - secured	**4.48% to 5.20%**	**8,749,280**	4.48% to 5.20%	9,374,400
Hedcor Bukidnon, Inc.				
Financial institutions - secured	**4.75% - 7.36%**	**9,708,334**	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%**	**740,418**	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%**	**1,813,000**	7.41% - 7.87%	1,840,000
Subic Enerzone Corporation				
Financial institution - unsecured	**5.00%**	**169,500**	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%**	**2,680,000**	4.50%	2,680,000
AEV International and subsidiaries:				
Financial institutions	**3.48% to 3.84%**	**13,602,973**	3.26% to 10.67%	13,760,174
Aboitiz Infra Capital				
Financial institutions	**6.88% - 8.26%**	**4,965,163**	8.26%	2,848,227
Joint Operation:				
Pagbilao Energy Corporation				
Financial institution - secured	**5.50% to 8.31%**	**13,996,099**	5.50% to 8.31%	14,473,052
Total		**231,900,116**		213,354,817
Add embedded derivative				
Less deferred financing costs		**2,124,526**		1,922,450
		229,775,591		211,432,367

Less current portion	**11,299,820**	10,702,974
	218,475,771	200,729,392

10. Debt Securities

As of June 30, 2019 and December 31, 2018, 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
5-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

11. Earnings Per Common Share

Earnings per common share amounts were computed as follows:

	Jan-Jun 2019	Jan-Jun 2018
a. Net income attributable to equity holders of the parent	**8,950,143**	10,086,146
b. Weighted average number of common shares issued and outstanding	**5,632,793**	5,633,793
Earnings per share (a/b)	**1.589**	1.790

. 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 - June 30, 2019							
	Power	Financial Services	Food Manufacturing	Real Estate	Infrastructure	Parent Company and Others	Eliminations	Consolidated
REVENUES								
Third parties	63,921,854	-	36,616,686	1,427,292	46,309	539,918	-	102,552,058
Inter-segment	36,910	-	-	-	-	125,000	(161,910)	-
Total revenue	63,958,764	-	36,616,686	1,427,292	46,309	664,918	(161,910)	102,552,058
RESULTS								
Segment results	13,991,250	-	1,522,149	156,467	(50,578)	(286,662)	-	15,332,627
Unallocated corporate income (expenses)	2,062,238	-	185,316	10,442	(8,452)	112,882	-	2,362,427
INCOME FROM OPERATIONS								17,695,054
Interest Expense	(6,563,269)	-	(691,248)	(52,923)	0	(790,803)	28,682	(8,069,561)
Interest Income	764,675	-	43,838	9,001	3,372	140,565	(30,100)	931,352
Share in net earnings of associates	1,044,929	2,370,405	3,738	(7,702)	213,811	7,296,480	(7,296,734)	3,624,927
Provision for Income tax	(1,173,088)	-	(370,401)	(20,976)	(2,579)	(23,112)	-	(1,590,155)
NET INCOME								12,591,616
OTHER INFORMATION - as of June 30, 2019								
Segment assets	74,835,712	-	24,861,631	11,735,240	1,886,367	7,729,835	(5,124)	121,043,660
Investments and advances	59,287,355	47,239,785	57,852	1,456,422	25,558,933	120,273,142	(120,404,929)	133,468,561
Unallocated corporate assets	270,425,845	-	30,182,274	7,737,010	3,837,968	6,299,692	(590,002)	317,892,787
Consolidated total assets								572,405,008
Segment liabilities	277,732,311	-	38,587,698	8,682,781	5,086,719	37,523,871	(569,389)	367,043,992
Unallocated corporate liabilities	1,544,145	-	437,228	268,849	-	394,525	-	2,644,747
Consolidated total liabilities								369,688,739
	January - June 30, 2019							
Capital expenditures								(5,092,808)
Depreciation and amortization	4,616,911	-	678,924	48,478	3,071	96,013	-	5,443,397

	January - June 30, 2018							
	Power	Financial Services	Food Manufacturing	Real Estate	Infrastructure	Parent Company and Others	Eliminations	Consolidated
REVENUES								
Third parties	65,224,176	320,108	15,045,993	1,971,170	45,132	765,833	-	83,372,412
Inter-segment	40,774	-	-	-	-	125,000	(165,774)	-
Total revenue	65,264,950	320,108.00	15,045,993	1,971,170	45,132	890,833	(165,774)	83,372,412
RESULTS								
Segment results	16,817,501	(19,443)	536,659	360,058	(21,813)	(98,180)	-	17,574,782
Unallocated corporate income (expenses)	(1,151,848)	9,916	502,579	15,531	2,641	744,655	-	123,474
INCOME FROM OPERATIONS								17,698,257
Interest Expense	(5,350,759)	(3,733)	(268,701)	(27,400)	(3,296)	(773,446)	18,547	(6,408,788)
Interest Income	342,711	753	107,565	6,927	5,392	234,595	(21,833)	676,110
Share in net earnings of associates	1,923,308	2,313,492	-	(7,691)	(145,271)	8,020,543	(8,020,959)	4,083,422
Provision for Income tax	(1,726,763)	(3,049)	(220,946)	(38,445)	(592)	(117,420)	-	(2,107,215)
NET INCOME								13,941,785
OTHER INFORMATION - as of December 31, 2018								
Segment assets	88,708,608	-	25,826,719	12,535,860	1,657,628	8,978,433	(218,893)	137,488,355
Investments and advances	34,334,126	46,025,202	55,807	1,464,124	25,238,659	125,271,699	(125,430,060)	106,959,556
Unallocated corporate assets	266,619,443	-	29,879,783	6,066,913	1,901,742	6,178,278	(600,001)	310,046,157
Consolidated total assets								554,494,069
Segment liabilities	251,543,579	-	38,912,790	7,673,226	3,031,839	32,684,201	(793,134)	333,052,501
Unallocated corporate liabilities	1,541,930	-	402,658	655,099	745	363,297	-	2,963,729
Consolidated total liabilities								336,016,231
	January - June 30, 2018							
Capital expenditures								(6,435,104)
Depreciation and amortization	4,129,056	18,405	375,862	31,716	3,393	71,091	-	4,629,523

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

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

Risk Management Structure

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

Financial Risk Committee

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

Treasury Service Group

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

The main risks arising from the Group's financial instruments are interest rate risk resulting from movements in interest rates that may have an impact on outstanding long-term debt; credit risk involving possible exposure to counter-party default on its cash and cash equivalents, 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 June 30, 2019, 19.1% of the Group's long-term debt had floating interest rates ranging from 2.0% to 3.84 %, and 80.9% 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 June 30, 2019

	Less than 1 year	1-5 years	More than 5 years	Total
Long-term debts				
Floating rate	**2,215,915**	**23,440,809**	**18,128,528**	**43,785,252**
	2,215,915	**23,440,809**	**18,128,528**	**43,785,252**

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
	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-June 2019	January-June 2018
Long term debt	**5,043,383**	3,932,493
Lease liabilities	**2,152,495**	2,150,368
Bank loans	**676,938**	320,175
Long-term obligation on PDS and others	**196,452**	4,639
Customers' deposits	**293**	1,113
	8,069,561	6,408,789

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 June 30, 2019 and 2018:

	Increase (decrease) in basis points	Effect on income before tax
June 30, 2019	**200**	**(434,254)**
	(100)	**217,127**
June 30, 2018	200	(220,131)
	(100)	110,066

The Group's sensitivity to an increase/decrease in interest rates pertaining to derivative instruments is expected to be insignificant during the first six 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 obligations under finance lease. To mitigate the risk of incurring foreign exchange losses, foreign currency holdings are matched against the potential need for foreign currency in financing equity investments and new projects. As of June 30, 2019 and December 31, 2018, foreign currency denominated borrowings account for 30.37% and 29.17%, respectively, of total consolidated borrowings.

		June 30, 2019			December 31, 2018	
		US Dollar	**Philippine Peso equivalent[1]**		US Dollar	Philippine Peso equivalent[2]
Financial Assets						
Cash and cash equivalents	**$**	**183,216**	**9,387,974**	$	342,461	18,006,600
Trade and other receivables		**111,538**	**5,715,193**		120,235	6,321,968
Investments in financial assets at FVTPL or amortized cost		**13,809**	**707,581**		11,131	585,272
Total financial assets		**308,563**	**15,810,748**		473,827	24,913,840
Financial Liabilities						
Bank loans		**68,049**	**3,486,812**		57,861	3,042,346
Trade and other payables		**320,792**	**16,437,369**		164,911	8,671,016
Long-term debt		**564,424**	**28,921,078**		257,956	13,563,350
Lease liabilities		**460,200**	**23,580,648**		479,512	25,212,741
Total financial liabilities		**1,413,464**	**72,425,907**		960,241	50,489,453
Total net financial liabilities	**$**	**(1,104,902)**	**(56,615,159)**	$	(486,413)	(25,575,613)

[1]USD1 = P51.24
[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 June 30, 2019 and December 31, 2018.

	Increase/ (decrease) in US Dollar	Effect on income before tax
June 30, 2019		
US Dollar denominated accounts	**US Dollar strengthens by 5%**	**(2,830,758)**
US Dollar denominated accounts	**US Dollar weakens by 5%**	**2,830,758**
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 June 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 as of December 31, 2018 and 2017 is summarized in the following table:

	June 30, 2019	December 31, 2018
Power distribution:		
Industrial	**5,872,809**	4,973,567
Residential	**2,266,269**	1,676,936
Commercial	**992,600**	778,623
City street lighting	**37,396**	30,006
Power generation:		
Power supply contracts	**2,323,327**	4,567,682
Spot market	**7,094,162**	2,533,211
	18,586,563	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 the 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 June 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 5.67% 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 P44.1 billion and P39.2 billion as of June 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:

June 30, 2019

		Contractual undiscounted payments				
	Total Carrying Value	**Total**	**On demand**	**> 1 year**	**1 to 5 years**	**> 5 years**
Trade and other payables*	**39,495,795**	**39,495,795**	**3,090,428**	**28,881,322**	**7,524,045**	**-**
Customers' deposits	**6,364,565**	**6,364,565**	**-**	**25,199**	**150,507**	**6,188,859**
Bank loans	**35,236,532**	**35,236,532**	**-**	**35,236,532**	**-**	**-**
Long-term debt	**229,775,590**	**285,313,662**	**-**	**37,928,088**	**128,084,033**	**119,301,540**
Lease liabilities	**47,025,727**	**60,219,130**	**-**	**10,441,235**	**43,556,050**	**6,221,845**
Long-term obligation on power distribution system	**226,423**	**400,000**	**-**	**40,000**	**200,000**	**160,000**
Derivative liability	**1,248,163**	**2,493,131**	**-**	**1,248,163**	**1,244,968**	**-**
Total	**359,372,794**	**429,522,814**	**3,090,428**	**113,800,540**	**180,759,603**	**131,872,244**

*Excludes statutory liabilities

December 31, 2018

		Contractual undiscounted payments				
	Total Carrying Value	Total	On demand	> 1 year	1 to 5 years	> 5 years
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
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
Payable to preferred shareholder of a subsidiary	161,565	159,926	-	159,926	-	-
Total	325,531,103	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 June 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 June 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, obligations under finance lease, redeemable preferred shares and payable to preferred shareholders of a subsidiary) less cash and short-term deposits and temporary advances to related parties.

Gearing ratios of the Group as of June 30, 2019 and December 31, 2018 are as follows:

	June 30, 2019	As restated in 2019 December 31, 2018
Bank Loans	**35,236,532**	26,978,586
Long-term obligations	**276,801,317**	258,326,722
Cash and cash equivalents	**(51,904,695)**	(64,322,174)
Net Debt (a)	**260,133,154**	220,983,134
Equity	**202,716,269**	218,477,838
Equity and Net Debt (b)	**462,849,424**	439,460,972
Gearing Ratio (a/b)	**56.20%**	50.29%

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.

	June 30, 2019		December 31, 2018	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets:				
PSALM deferred adjustment	**3,704,520**	**3,367,719**	4,225,900	3,889,099
Financial liabilities				
Lease liabilities	**47,025,727**	**38,379,242**	46,894,355	40,495,647
Long-term debt - fixed rate	**185,990,339**	**182,027,452**	181,614,320	174,822,840
PSALM deferred adjustment	**3,704,520**	**3,367,719**	4,225,950	3,889,099
Obligations on power distribution system	**226,423**	**298,273**	213,496	278,801
Total	**236,947,009**	**224,072,685**	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 finance lease obligation was calculated by discounting future cash flows using applicable interest rates. The disclosed fair value is determined using Level 3 inputs.

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

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.

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

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 June 30, 2019 and December 31, 2018, the Group recognized net derivative assets relating to these contracts amounting to (P1,225) million and P131 million, respectively.

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

	June 30, 2019	December 31, 2018
At beginning of period	**131,263**	294,364
Net changes in fair value of derivatives designated as accounting hedges	**(1,359,694)**	(125,642)
Net changes in fair value of derivatives not designated as accounting hedges	**(1,227)**	(72,252)
Fair value of settled instruments	**4,624**	34,793
At end of period	**(1,225,034)**	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 June 30, 2019 and December 31, 2018, the Group held the following financial instruments that are measured and carried or disclosed at fair value:

June 30, 2019

	Total	**Level 1**	**Level 2**	**Level 3**
Carried at fair value:				
Investments in financial assets at FVTPL	**599,961**	**599,961**	**-**	**-**
Derivative asset	**23,129**	**-**	**23,129**	**-**
Derivative liability	**1,248,163**	**-**	**1,248,163**	**-**
Disclosed at fair value:				
Lease liabilities	**38,379,242**	**-**	**-**	**38,379,242**
Long-term debt - fixed rate	**182,027,452**	**-**	**-**	**182,027,452**
Obligations on power distribution system	**298,273**	**-**	**-**	**298,273**

December 31, 2018

	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	225,551.60	225,552	-	-
Derivative asset	292,828.00	-	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 systen	278,801	-	-	278,801

During the periods ended June 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.

C. Other Disclosures

1. 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.

2. Material Events and Changes

a. Mothballing of TMO Bunker C-Fired Diesel Power Plant

Therma Mobile, Inc. (TMO) notified Manila Electric Company (MERALCO) that it will physically disconnect from MERALCO's system and will deregister as a Trading Participant in the Wholesale Electricity Spot Market (WESM) effective February 5, 2019. This is due to TMO's commercial inactivity since June 26, 2018, following the absence of an approved power supply agreement. After evaluating the circumstances and the options available, TMO decided to mothball its bunker C-fired diesel power plants. Notices will be sent to Philippine Electricity Market Corporation (PEMC), Independent Electricity Market Operator of the Philippines Inc. (IEMOP), Department of Energy (DOE), and Energy Regulatory Commission (ERC), following the notice requirements under the Electric Power Industry Reform Act of 2001 (EPIRA), its implementing rules, and other relevant rules and regulations.

b. 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 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.

Subject to market conditions, the Third Tranche Bonds are expected to be offered to the general public in the second half 2019 and shall be listed with the PDEx as and when issued. Proceeds of the Third Tranche Bonds will be used to finance planned acquisitions, future investments, and/or other corporate requirements.

c. AEV Issuance of Php30 Billion Fixed-rate Retail Bond

On January 29, 2019, the Board of Directors of AEV approved the issuance of fixed-rate peso-denominated retail bonds in the aggregate amount of up to Php30 billion (the "Bonds"), to be issued in one or more tranches depending on market conditions. AEV is also planning to list the Bonds with the PDEx.

On March 29, 2019, AEV filed with the SEC the Registration Statement under the shelf registration program of the SEC for its proposed fixed rate retail bonds. Subject to market conditions, the first tranche of the Bonds, equivalent to PhP3,000,000,000 with an oversubscription option of up to PhP2,000,000,000, is expected to be offered to the general public during the first half of 2019. Subsequent tranches of the Bonds may be issued by AEV as and when the need arises and subject to market conditions at the time. The First Tranche Bonds received an issue credit rating of "PRS Aaa", with a Stable Outlook, from the Philippine Ratings Services Corporation ("PhilRatings").

Proceeds from the first tranche of the Bonds will be used as part of the refinancing plan of the medium-term loan of AEV International Pte. Ltd., a wholly-owned subsidiary of AEV.

On June 3, 2019, AEV received the Order of Registration and Certificate of Permit to Offer Securities for Sale from the SEC. On June 18, 2019, AEV received the approval by the Philippine Dealing and Exchange Corporation (PDEx) to list the first tranche of its Php30 billion fixed-rate bonds, equivalent to PhP3 billion with an oversubscription option of Php2 billion.

d. AEV Dividend Declaration

On March 7, 2019, the BOD of the Company approved the declaration of regular cash dividends of Php 1.32 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.

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

On May 2, 2019, the Company 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 increases the Company's economic interests in GMCP, and GNPD to 78.3%, and 70%, respectively.

f. Acquisition of Remaining 25% Stake in Gold Coin by Pilmico International

On May 28, 2019, Pilmico International acquired the ramaining 25% equity interest in Gold Coin Management Holdings Limited (Gold Coin), resulting in Pilmico Intl owning 100% ownership interest in Gold Coin. The consideration is a negotiated amount mainly based on the same enterprise value of USD550 million as the acquisition of the 75% equity interest in Gold Coin. After deducting net debt (debt less cash and short term investments) and certain sums payable by Golden Springs Group, Ltd. to Gold Coin, the final cash consideration for the 25% equity interest in Gold Coin is USD120 million.

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.

3. Events After the Reporting Period

a. AP Appointments for Third Tranche Bonds

On July 25, 2019, the Board of Directors of AP appointed BDO Capital & Investment Corporation and First Metro Investment Corporation as Joint Issue Managers, Joint Bookrunners and Joint Lead Underwriters, and BDO Unibank - Trust and Investments Group as Trustee for the proposed issuance of the third tranche, with a base issue size of PhP 10 billion (and an oversubscription amount to be determined at a later date) (the “Third Tranche Bonds”), of the AP’s Php30 billion fixed-rate retail bonds registered in 2017 under the shelf registration program of the Securities Exchange Commission (SEC).

4. 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.

5. Contingencies

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

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

M. SCHEDULE OF RELEVANT FINANCIAL RATIOS

	FORMULA	June 30, 2019	As restated in 2019 December 31, 2018
LIQUIDITY RATIOS			
Current ratio	Current assets / Current liabilities	**1.37**	1.80
Acid test ratio	Cash + Marketable Securities + Accounts Receivable+ Other Liquid Assets / Current liabilities	**0.97**	1.30
SOLVENCY RATIOS			
Debt to equity ratio	Total liabilities / Total equity	**1.82**	1.54
Asset to equity ratio	Total assets / Total equity	**2.82**	2.54
Net debt to equity ratio	Debt - cash & cash equivalents / Total equity	**1.28**	1.01
Gearing ratio	Debt - cash & cash equivalents / Total equity + (Debt - cash & cash equivalents)	**56.20%**	50.29%
Interest coverage ratio	EBIT / Net interest expense	**2.95**	3.86
PROFITABILITY RATIOS			
Operating Margin	Operating Profit / Total revenues	**15.0%**	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 : JUNE 30, 2019

(amts in P000's)

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Power	13,149,444	1,688,370	269,492	3,479,257	18,586,563
Food Manufacturing	2,220,909	238,698	96,490	202,949	2,759,046
Real Estate	1,143,946	108,400	147,305	2,588,768	3,988,419
Financial Services	0	0	0	0	0
Infrastructure	9,048	103	146	1,252	10,549
Holding and Others	5,146,974	254,024	131,594	1,030,028	6,562,620
	21,670,321	**2,289,595**	**645,027**	**7,302,254**	**31,907,197**
Others	**11,410,168**	**8,497**	**33,534**	**226,204**	**11,678,403**
	33,080,489	**2,298,092**	**678,561**	**7,528,458**	**43,585,600**
Less Allowance for Doubtful Accounts					**3,118,928**
					40,466,672

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
Financial Services	0	0	0	0	0
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	Collection
Trade	uncollected billings to customers for sale of power, goods and services	30 - 60 days
Non-Trade	claims, operating cash advances and advances to suppliers & employees	30 - 120 days

NORMAL OPERATING CYCLE

Power Subsidiaries
- Distribution - 60 days
- Generation - 65 days

Food Subsidiary - 90 days

Financial Services Subsidiary - 60 days

Real Estate Subsidiary - 30 days