COVER SHEET

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S.E.C. Registration Number

ABOITIZ EQUITY VENTURES, INC.

(Company's Full Name)

ABOITIZ CORPORATE CENTER
GOV. MANUEL CUENCO AVE.
KASAMBAGAN, CEBU CITY

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

LEAH I. GERALDEZ	(032) 411-1800
Contact Person	Company Telephone Number

1st Quarterly Report

12 31	17-Q	05 18
Month *Day*	FORM TYPE	*Month* *Day*
Fiscal Year		Annual Meeting

Secondary License Type, if Applicable

SEC	
Dept. Requiring this Doc	Amended Articles Number/Section

	X	
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended March 31, 2009

2. Commission identification number CE02536 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 Cebu City, Philippines

6. Industry Classification Code: (SEC Use Only)

7. Address of issuer's principal office Postal Code

   Gov. Manuel A. Cuenco Avenue, Kasambagan, Cebu City, Philippines 6000

8. Issuer's telephone number, including area code

   (032) 2312580

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

   N.A.

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common stock, P1.00 par value	5,574,942,121
Total debt	₱28,412,647,041

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 of Financial Condition and Results of Operations.

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

Adoption of Philippine Interpretation IFRIC 12, Shift from Cost to Fair Value Model in Accounting for Investment Properties and Accounting for Disposal Group

In 2008, certain power subsidiaries and associates adopted IFRIC 12, a new accounting standard in accounting for service concession arrangements, while AEV shifted to Fair Value Method in accounting for the Group's investment properties. Thus, first quarter 2008 financial statements are restated to retroactively apply the adoption of this new accounting standard and the shift to the fair value model.

With the planned sale of the Company's investment in Aboitiz Transport System (ATSC) Corp. (ATS) in 2009 and in compliance with new accounting standards, the December 2008 assets and liabilities of ATS Group, except Aboitiz Jebsen Group, are reported separately as a disposal group held for sale. Since the planned sale did not push through as of April 2009, the March 2009 assets and liabilities of the ATS Group are now reflected on a line-by-line consolidation basis.

Top Five Key Performance Indicators

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

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 investees for each reporting period subsequent to acquisition of said investment, net of goodwill impairment cost, if any. Goodwill is the difference between the purchase price of an investment and the investor's share in the value of the net identifiable assets of investee at the date of acquisition. Equity in net earnings (losses) of investees indicates profitability of the investments and investees' 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 capex 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.

	March 31/2009	March 31/2008 (Restated)	Dec 31/2008
EQUITY IN NET EARNINGS OF INVESTEES	**423,608**	897,699	
EBITDA	**1,751,566**	2,068,596	
CASH FLOW GENERATED:			
Net cash provided by (used in) operating activities	**3,193,343**	(525,613)	
Net cash used in investing activities	**(1,780,722)**	(244,258)	
Net cash used in financing activities	**(4,542,722)**	(5,800,497)	
Net Decrease in Cash & Cash Equivalents	**(3,130,101)**	(6,570,368)	
Cash & Cash Equivalent, Beginning	**16,619,181**	18,568,226	
Cash & Cash Equivalent, End	**13,423,820**	12,014,158	
CURRENT RATIO	**1.50**		1.93
DEBT-TO-EQUITY RATIO	**0.61**		0.62

Certain performance indicators fell short of management's expectations during the period under review.

First quarter 2009 equity in net earnings of investees registered a 52% year-on-year (YOY) decline mainly due to the drop in earnings of some of it's the Company's power associates. Depressed prices in the Wholesale Electricity Spot Market (WESM) and lesser rainfall negatively affected the sales volume of the hydro associates, especially SN Aboitiz Power - Magat, Inc. (SNAP-Magat). Under recovery of their cost of purchased power due to the increase in the National Power

Corporation (NPC) rates in March 2009 likewise resulted in lower income contribution from distribution associates. This decrease in the share in net earnings of associates correspondingly resulted in the decline of first quarter 2009 EBITDA in comparison with that of the same period in 2008.

The Group has consistently managed its cash flows and operations effectively, generating positive cash inflows from operations and registering healthy financial ratios, despite the challenging economic environment and external market volatilities. This strong financial position enables the Group to deliver higher value directly to its shareholders while continuing to invest in its growth opportunities.

Financial Results of Operations

For the first quarter of 2009, AEV and subsidiaries posted a consolidated net income of ₱1.42 billion, a 20% year-on year increase. This translated to a ₱0.25 earnings per share. Higher earnings contributions of parent and of transport and financial services groups accounted for the improvement in the current quarter's bottomline.

For the period in review, the Group had a non-recurring net income of ₱550 million, versus a non-recurring loss of ₱33 million in the same period last year. Aside from a foreign exchange loss of ₱83 million at the parent and subsidiary levels, AEV realized a non-recurring income of ₱633 million, which comprised (1) a ₱575 million reversal of impairment provision to adjust the carrying amount of the assets of ATS in consideration of the termination of the planned sale of ATS, and (2) a ₱58 million booked revenue (net of tax), representing the forfeited option money paid to AEV for the same planned ATS sale. Sans these one-off items, AEV recorded a 28% YOY decline in consolidated recurring net income.

Aboitiz Power Corporation (AP) accounted for 38% of AEV's total earnings contributions from the various business segments. This was followed by the banking, food and transport groups with earnings contributions equivalent to 31%, 18% and 13% of total, respectively.

Power

Income contribution by AP amounted to ₱290 million, recording a 62% YOY decline. When adjusted for non-recurring items, the group recorded a 53% YOY income drop to ₱373 million for the quarter in review.

Lower net generated power and softer prices, particularly for AP's merchant hydropower plants, resulted to an ₱84 million earnings contribution by the power generation business, which is 83% lower YOY. When adjusted for non-recurring items, the decline in the business' earnings is reduced to 64% YOY, from ₱508 million to ₱184 million.

As of quarter-end, AP's power generation group had an attributable capacity of 578 MW, an 18% YOY increase. The increase was due to the turnover of the 175 MW Ambuklao-Binga hydropower plants in July 2008. Despite the said increase, total attributable power sold for the quarter in review was lower by 17% YOY, from 377 GWh to 312 GWh. The reduction was mainly due to the lower generated power of the Company's hydro, coal and some of its thermal (oil) power plants.

For the period January to March 2009, the island of Luzon experienced lower rainfall as compared to the same period last year. This brought down the utilization of AP's Luzon-based hydropower plants. The Company's coal and some of its thermal (oil) power plants were dispatched less by their respective offtakers, which resulted to lower capacity factors for the quarter.

The electricity spot market's load weighted average price for the quarter recorded a 37% YOY decline. This can be attributed to several factors, which include (1) the significant reduction in fuel costs, particularly oil and coal, (2) the increase in average generated power offered in the spot market resulting from the improved operating efficiency of privatized power plants, and (3) the electricity spot market's System Operator's cancellation of offers made by the Limay oil-fired power plant to the electricity spot market.

The Limay oil-fired power plant has been designated as a Must Run Unit (MRU) to support the contingency imposed for the San Jose transformers. As a designated MRU, the Limay plant's cost is not incorporated in the spot market pricing equation, which effectively brings down prices given this plant's high operating cost.

On the other hand, the power distribution group's electricity sales for the quarter grew by 4% YOY, from 744 GwH to 772 GwH. Power consumption of both residential and non-residential customers improved by 5% and 3%, respectively. This was on the back of an improved customer base with both residential and non-residential accounts growing by 3% YOY. Despite the robust volume growth recorded, the distribution group's income contribution for the quarter recorded a 34% YOY decline to ₱191 million. The increase in NPC's grid rates in March 2009 resulted to an under recovery of cost of purchased power by AP's distribution utilities in the said month. The one-month lag adversely affected the business' operating margin for the quarter. The increased cost of purchased power will be reflected in the next billing period (April 2009).

Financial Services

The financial services group contributed net earnings of ₱242 million in the quarter, recording a 4% YOY improvement from previous year's ₱232 million. Union Bank of the Philippines (UBP) ended the period with an earnings contribution of ₱228 million, 3% higher than previous comparable quarter's ₱222 million, while City Savings Bank (CSB), contributed earnings of ₱13 million, up 32% from the same period last year.

UBP's interest income for the period increased by 45% YOY to ₱3 billion. This was mainly attributable to a 49% YOY expansion in interest earnings on loans and receivables to ₱1.7 billion. The bank's loan portfolio recorded a 66% YOY increase, from ₱46.9 billion to ₱77.8 billion, as efforts on accounts acquisition were implemented in the corporate, commercial and consumer finance market segments. Interest earnings from trading and investments securities improved by 43% YOY to ₱986 million. Net interest income rose by 15% YOY, from ₱1.3 billion to ₱1.4 billion. Similarly, net trading gains improved by 17% YOY to ₱138 million. The spike in operating expenses and provision for losses outpaced the rise in net revenues, resulting in a slight year-on-year decrease of UBP's first quarter 2009 net income. Despite this decline in bottomline, UBP's earnings contribution to AEV was higher this quarter due to increase in AEV's ownership in UBP, from 36.22% to 36.34%.

The increase in CSB's contributed earnings could be attributed mainly to the bank's loan volumes expansion for the period which translated to higher revenues and profit margins.

Transport

The transport group shored in a positive income contribution of ₱103 million, a reversal form last year's net loss contribution of ₱22 million. This was mainly due to a 34% YOY reduction in fuel costs, improved asset utilization and the development of the value added business.

Food

Income contribution from AEV's non-listed food subsidiary, Pilmico Foods Corporation (Pilmico), recorded a 12% YOY decline to ₱138 million. The flour business recorded an 84% YOY earnings reduction due to lower average selling prices realized in the first quarter, while lower sales volume resulted to a 37% YOY drop in the swine business' earnings. Feeds, in the meantime, recorded a significant improvement in earnings on the back of improved margins due to higher prices, coupled with production cost savings due to input substitution.

Material Changes in Line Items of Registrant's Income Statement

First quarter 2009 consolidated net income attributable to equity holders registered a 20% growth, reaching ₱1.42 billion from the ₱1.18 billion posted in the same period last year.

Gross profit for the quarter amounted to ₱636 million, a 12% increase from the ₱570 million generated during previous year's comparable period. This improvement was brought about by the ₱32 million increase in consolidated revenues, complemented by the ₱34 million decrease in costs and expenses. The turnaround profit performance of the transport group more than offset the decline in operating margins of the rest of the industry groups.

Power subsidiaries reported a combined 34% or ₱140 million decrease in operating margins resulting from a drop in revenues coupled with an increase in costs and expenses. The 2.5% decrease in revenues was mainly due to the lower revenues of Cebu Private Power Corporation (CPPC) and Mactan Enerzone Corporation (MEZ). For CPPC, this was attributable to the lower fuel prices which were passed on as part of its revenues, and for MEZ, this was due to the lower operating hours of its customers. The 2.5% spike in consolidated cost and expenses was substantially driven by the higher cost of purchased power of the distribution subsidiaries resulting from the approved NPC rate increase in March 2009. This increase in power cost could not be passed on to customers during the same month.

Food group reported a 33% drop in margins (₱186 million vs ₱277 million) as revenues increased only by ₱215 million while costs and expenses rose by ₱306 million. The 9% boost in sales was attributed to strong volume sales of its feeds business. Higher costs of raw materials for flour resulted in a 14% increase in operating costs.

On the other hand, the transport group registered a 296% increase in operating margins, from a ₱99 million loss in first quarter 2008 to ₱194 million profit in first quarter 2009. This turnaround performance was achieved on the back of a 14% drop in costs and expenses (₱2.66 billion vs ₱3.08 billion), mainly brought about by the 34% decrease in fuel cost resulting from declining fuel prices. The decrease in costs and expenses outpaced the 4% decline in consolidated revenues (₱2.85 billion vs ₱2.98 billion). Freight, which constitutes the bulk of the revenues, decreased 27% brought about by the decline in the revenues of its international chartering business which more than offset the 14% increase in revenues of its freight shipping operations. Freight capacity was being filled up with its own supply chain and value added business, and average freight rates per twenty-equivalent unit (TEU) increased 16%. Passage revenues also registered a 3% growth brought about by increased volumes. Likewise, value added business in the form of sales of goods generated a 218% growth, mainly due to the fresh revenue contribution of ScanAsia Overseas, Inc., (ScanAsia) a subsidiary purchased by ATS in June 2008.

Share in net earnings of associates registered a 53% decrease (₱424 million vs ₱898 million) primarily due to the decrease in income contribution of certain power associates. Softer prices in the WESM and lesser rainfall negatively affected the revenues of the hydro associates, especially SNAP Magat. Under recovery of their cost of purchased power due to the increase in NPC rates in March 2009 likewise resulted in lower income contribution from distribution associates. This decrease was partially cushioned by the increase in income contributions of STEAG State Power Inc. and the banking group.

The overall improvement in consolidated gross profit was further boosted by the 12% increase (₱232 million vs ₱207 million) in interest income and the 308% increase in other income (₱793 million vs ₱194 million). Interest income increased due to higher placements from the proceeds of fixed rate notes totaling ₱3.89 billion issued by AP parent in December 2008. This was offset by the 77% spike in finance expense, from ₱179 million in first quarter 2008 to ₱316 million in first quarter 2009, resulting from higher average debt level in 2009. The rise in other income was mainly due to the Company's reversal in first quarter 2009 of the ₱575 million impairment provision set up in 2008 on its ATS investment and the recognition as revenue in first quarter 2009 of the ₱83 million forfeited option money resulting from the termination of the planned sale of its ATS investment in April 2009.

Provision for income tax decreased by 20% as a result of the lower taxable income reported by the Group.

The 42% million decrease in net income attributable to minority interests was mainly due to the increase in AEV's ownership in AP, from 73% in first quarter 2008 to 76% in first quarter 2009.

Changes in Registrant's Resources, Liabilities and Shareholders Equity

Assets

Compared to year-end 2008 levels, consolidated assets decreased 1% to ₱75.07 billion as of March 31, 2009, due to the following:

a. Cash & Cash Equivalents stood at ₱13.42 billion, 19% lower than the ₱16.62 billion reported as at year-end 2008 which was inclusive of the disposal group's funds amounting to ₱860 million. This decrease was mainly due to the Company's payment of a higher cash dividend to common shareholders in first quarter 2009 compared to the cash dividends received from its investees, the ₱941 million additional funding by AP into its Cebu coal project, AEV's purchase of ₱297 million worth of UBP shares and payment of short-term loans.

b. Inclusive those of the disposal group as of year-end 2008, Inventories decreased by 13% (₱2.99 billion vs ₱3.34 billion) mainly due to lower wheat inventory carried by Pilmico as of first quarter-end 2009.

c. Inclusive those of the disposal group as of year-end 2008, Deferred Income Tax Assets decreased by 1% (₱428 million vs ₱433 million) mainly due to reversal of a portion of deferred tax benefits.

d. Inclusive those of the disposal group as of year-end 2008, Other Noncurrent Assets decreased by 2% to ₱588 million mainly due to the withdrawal of a portion of refundable deposits in 2009.

The above decreases were partially offset by the following increases:

a. Inclusive those of the disposal group as of year-end 2008, Trade and Other Receivables increased by 2% from ₱4.49 billion to ₱4.60 billion, primarily due to higher trade receivables resulting from the spike in domestic freight revenues of the transport group.

b. Inclusive those of the disposal group as of year-end 2008, Other Current Assets increased by 1% from ₱1.89 billion to ₱1.91 billion substantially due to higher unapplied value-added tax (VAT) input taxes and accumulation of unutilized prepaid taxes. These prepaid taxes represent creditable taxes withheld by customers and can be used as payment of future income taxes.

c. Inclusive those of the disposal group as of year-end 2008, Property, Plant & Equipment (PPE) registered an increase of 2.5% from ₱13.15 billion to ₱13.49, primarily due to the power group's acquisition of utility equipment and the on-going construction of the 42.5 MW Sibulan hydropower plant in Davao del Sur.

d. Inclusive those of the disposal group as of year-end 2008, Investments and Advances totalled ₱34.62 billion, up by 6% from year-end 2008 level of ₱32.64 billion. This increase was mainly attributed to the following: i) purchase of ₱297 million worth of UBP shares; ii) extension of stockholder's advance amounting to ₱941 million to Cebu Energy Development Corporation, the project company for the 3X82 MW coal plant in Toledo City, Cebu; iii) recognition of ₱298 million share in unrealized valuation gains on UBP's Available-For-Sale investments (AFS Investments); and iv) increase in accumulated equity earnings resulting from the recording of ₱424 million share in associates' net earnings and the receipt of ₱5 million cash dividends from an associate.

e. Inclusive those of the disposal group as of year-end 2008, goodwill increased by 45%, from ₱1.25 billion to ₱1.81 billion. This increase was due to the reversal during the first quarter of 2009 of the ₱575 million impairment provision recorded by AEV parent on its ATS investment in 2008, effectively reinstating the goodwill in ATS in 2009.

Liabilities

Inclusive of the ₱551 million loan of the disposal group as of year-end 2008, consolidated short-term bank loans decreased by ₱2.43 billion due to the payment of loans by the power distribution and food groups, utilizing internally-generated funds.

Meanwhile, long-term liabilities increased by 1%, from ₱12.39 billion as of 2008 year-end level to ₱12.49 billion as of March 2009, principally due to the additional ₱388 million loan draw down made by Hedcor Sibulan, Inc. to finance the construction of its 42.5 MW hydro plant, net of the ₱250 million loan amortization payment by the Company.

Inclusive of the ₱3.02 billion payables of the disposal group as of year-end 2008, trade and other payables increased by 23% to ₱8.25 billion. This rise in payables was mainly due to the higher accrued power cost by the power distribution subsidiaries and the advances made by the Company from a related party.

Income tax payable increased by 89% due to the current income tax provisions recorded by subsidiaries during the period in review.

Equity

Equity attributable to equity holders of the parent increased by 0.5% from year-end 2008 level of ₱37.79 billion to ₱37.99 billion, mainly due to the ₱298 million increase in Share in Unrealized Gains on AFS Investments and Underwriting Accounts of an associate resulting from the improvement in the market prices of these financial instruments as of the end of the current period. This increase was partially offset by the ₱90 million decrease in Retained Earnings, resulting from ₱1.51 billion cash dividends paid which was higher than the ₱1.42 billion net income recorded.

Material Changes in Liquidity and Cash Reserves of Registrant

For the first quarter ended 2009, the group continues to support its liquidity mainly from cash generated from operations and dividends received from associates. External borrowings are also a source of liquidity. When opportunity arises, it raises capital or disposes of certain assets to strengthen its cash position and be financially prepared to partake in major investment projects.

Consolidated cash generated from operating activities increased by 707%, from a ₱525 million net cash used during the first quarter 2008 to ₱3.19 billion net cash provided during the first quarter 2009. This increase was largely a result of higher net income generated during the current period and to the lower funds used in financing the food group's inventory build-up.

The current period ended up with a ₱1.78 billion net cash used in investing activities, compared to the ₱244 million used during the comparable period last year. The increase was mainly due higher investment acquisitions in 2009 in the form of share purchases and stockholder's advances.

Net cash used in financing activities during the current period was ₱4.54 billion, compared to the ₱5.80 billion in first quarter 2008. The decrease is mainly due to the lower ₱1.51 billion cash dividends paid in 2009 in comparison with the ₱3.47 billion distributed in 2008.

For the first quarter ended 2009, net cash outflows were higher than cash inflows, resulting to a 19% decrease in cash and cash equivalents, from ₱16.62 billion in December 2008 to ₱13.42 billion in March 2009.

Financial Ratios

Lower cash balances accounted for the decrease in current ratio, from 1.93:1 as of December 2008 to 1.50:1 as of March 2009. Lower debt level in 2009 resulted in the decrease in debt-to-equity ratio from 0.62:1 as of December 2008 to 0.61 as of March 2009. Net debt-to-equity ratio stood at 0.10x (versus year-end 2008's 0.07x).

Outlook for the Upcoming Year/ Known Trends, Events, Uncertainties which may have Material Impact on Registrant

Notwithstanding external and uncontrollable economic and business factors that affect its businesses, AEV believes that it is in a good position to benefit from the opportunities that may arise in the current year. Its sound financial condition, coupled with a number of industry and company specific developments, should bode well for AEV and its investee companies. These developments are as follows:

Generation Business

1. Continued Growth in AP's attributable capacity

AP's total attributable generating capacity went up to 578 MW, up 18% from the same period last year. This is due to the turnover by Power Sector Asset and Liabilities Management Corporation (PSALM) of the 175 MW Ambuklao-Binga hydro plants in July 2008. After the completion of the programmed rehabilitation on both plants, it is projected that the rehabilitated capacity will bring Ambuklao to 105 MW and Binga to 120MW for a total of 225 MW. To date, the SN Aboitiz Power group is the largest traditional hydro operator in the country.

The projected turnover to AP Renewables, Inc., a wholly owned subsidiary AP, of the 289 MW Tiwi geothermal facility in Albay and the 458 MW MakBan geothermal facility in Laguna in the second quarter of this year is anticipated to add significantly to the AP's attributable capacity. It will also strengthen AP's position as one of the largest renewable energy companies in the country. The price offered for the Tiwi-MakBan geothermal facilities amounted to approximately US$447 million.

2. Greenfield Projects

Construction work on the 42.5 MW run-of-river hydropower plant in Barangay Sibulan, Sta. Cruz, Davao del Sur by AP's100%-owned subsidiary Hedcor Sibulan is still ongoing. The project entails the construction of two cascading hydropower generating facilities tapping the Sibulan and Baroring Rivers. These facilities can generate an estimated 212 million kilowatt-hours of clean and emissions-free energy annually

In the first half of 2008, another subsidiary, Hedcor Tamugan, conducted a detailed design stage for three run-of-river hydropower plants with an original combined capacity of 34.5 MW. Last August 14, 2008 the Board of Directors of Hedcor Tamugan decided to abandon the construction of the 7 MW Suawan Hydropower plant (the Suawan plant) due to the escalation of construction costs which had rendered the Suawan plant economically unfeasible to build. The reduced capacity of the Tamugan project at 27.5 MW will not affect the consortium's ability to deliver the required amount of energy under a power supply agreement with Davao Light and Power Company, Inc. (DLPC).

In August 2007, AP, together with Vivant Energy Corporation of the Garcia Group, signed a Memorandum of Agreement with Metrobank Group's Global Business Power Corporation for the construction and operation of the 246 MW coal-fired power plant in Toledo City, Cebu. Completion of the project is expected within 2010. AP will have an effective participation of 26% in the project.

On February 17, 2007, AP entered into a Memorandum of Agreement with Taiwan Cogeneration International Corporation, a Taipei-based generation company, to collaborate in the building and operation of a 300 MW coal-fired power plant in the Subic Bay Freeport Zone. On May 30, 2007, Redondo Peninsula Energy Corporation (RP Energy) was incorporated as the 50:50 joint venture company for this project. The project is estimated to cost approximately US$500 million. Given the change in the county's economic conditions, AP and its partner, Taiwan Cogeneration International Corporation, will review again the Subic coal project in the middle of the year and decide whether or not to proceed with the project.

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

AP continues to look at other power generation assets to be auctioned by the government. AP had bidded for the 100 MW Power Barge 117 and 100 MW Power Barge 118. AP is also keen on participating in PSALM's public auction for the Independent Power Producer (IPP) Administrator contracts, which involves the transfer of the management and control of total energy output of power plants under contract with NPC to the IPP administrators.

Distribution Business

In the light of the challenging economic conditions which has dampened the growth of the global and local economies, the Company remains optimistic that it will realize modest growth on its existing distribution utilities.

With continued efficiency improvements in operations, it is seen that healthy margins can be maintained.

The implementation of the rate adjustment formula for the distribution companies under the performance-based rate-setting regulation (PBR) is on a staggered basis. The Energy Regulatory Commission (ERC) had issued its final determination on Cotabato Light & Power Company's (CLPC) application for approval of its annual revenue requirement and performance incentive scheme under the PBR scheme. This covers the second regulatory 4-year period, which commenced on April 1, 2009.

CLPC has implemented its new rate structure on May 1, 2009 based on the approved PBR rates for the first year.

Visayan Electric Company, Inc. (VECO) and DLPC entered their respective reset periods in end 2008, and are expected to enter the 4-year regulatory period in 18-24 months thereafter. San Fernando Electric Light and Power Company Inc. (SFELAPCO) and Subic Enerzone Corporation (SEZ) are part of the fourth batch of private utilities to enter PBR, and are expected to enter their respective 4-year regulatory period by April 1, 2011.

In April 2009, VECO also applied for a petition with the ERC under the present return-on-rate base (RORB) ratemaking regime for the adjustment and realignment of its current distribution charge. If approved, VECO's average distribution charge will increase from 0.85 pesos / kWh to 1.20 pesos / kWh. Public hearings for this rate application commenced on May 14 and are now ongoing.

In addition to the annual adjustments described above, PBR allows for rate adjustments in between the re-set periods to address extraordinary circumstances. There is also a mandatory rate-setting every four (4) years wherein possible adjustments to the rate take into account current situations.

AP's strategy in running its utilities is one of providing world-class service at the least possible cost. Providing value to its customers allows AP credibility and the ability to successfully implement justified rate increases. This, along with a transparent and open relationship of over 70 years with the regulators, ensures AP's continued ability to successfully apply and implement rate increases.

Capital Raising Activities

Last December 2008, AP successfully launched and raised a total of ₱3.89 billion in 5-year and 7-year peso-denominated corporate fixed rate notes. The notes were offered in a private placement to not more than nineteen institutional investors. The proceeds of the notes will be used to finance AP's planned acquisitions as well as for other general corporate purposes.

Last April 30, 2009, AP issued a total of ₱3 billion worth of peso-denominated fixed rate retail bonds under the following terms:

MATURITY	INTEREST RATE	AMOUNT
5-year bonds to mature on May 1, 2014	8.7%/p.a.	₱2,294,420,000
3-year bonds to mature on April 30, 2012	8.0%/p.a.	₱705,580,000

The issue was 2.5 times oversubscribed and had to be upsized from ₱1.5 billion to ₱3.0 billion.

Financial Services

UBP's initiatives on strengthening its customer franchise will be at the forefront as it continues to give priority to customer satisfaction through enhanced retail focus and stronger sales management approach. UBP will continue to invest in technology, partnerships and continue to rationalize, redeploy and expand its branch network in strategic areas to maximize growth channels with respect to both deposits and loan accounts. Through research and development of quality and innovative products and services, UBP aims to protect its competitive edge in providing technology-based banking solutions.

UBP will continue to focus on improving the performance of its earning assets portfolio, with loan asset acquisition primarily in the corporate, commercial and consumer sectors. It will implement a disciplined asset allocation built on good governance and effective risk management to ensure momentum of recurrent income stream.

UBP will likewise continue to enhance operating efficiencies through cost consciousness and business process improvement.

CSB will continue to strengthen its market position in its present niche by improving its products and services further. Improvements in its systems to enhance operating efficiency will continue to ensure customer satisfaction

Other government employees, aside from public school teachers, and private company employees will be tapped. CSB plans to expand its branch network by putting up new branches and extension offices in areas outside of its present coverage.

In March 2009 CSB issued 5-year peso-denominated corporate fixed rate notes in the aggregate amount of ₱1.0 billion via private placement to primary institutional lenders. Proceeds of the issuance will be used to augment the bank's long-term funding base and support its long-term asset growth objectives.

Food Manufacturing

With the completion and operation of its new feedmill plant and new grains silos, Pilmico expects to further generate cost savings this year. Enhancements in its cost structure are expected as savings should be incurred in the following: (1) freight costs as the new capacity will be closer to its customers in the Visayas-Mindanao region; and (2) input costs due to proximity to sources of raw materials, particularly corn in the Northern Mindanao region.

For its swine business, Pilmico's subsidiary, Pilmico Animal Nutrition Corporation (PANC), has completed its grower-finisher farm in Aranguren, Tarlac. This increased the company-owned farm capacity by 75% to 11,200 heads of market hogs. Construction of the nucleus farm in Sto Rosario, Tarlac was completed in February 2009, while commercial operations is expected to commence by January 2010. This project will increase sow capacity by 1,759 heads, or by 37% from current levels.

In November 2008, PANC started constructing a biogas system in its breeder, nucleus and new grower-finisher farm facilities in Tarlac. With this, PANC expects to make its farms' operations almost power self-sufficient with the conversion of hog waste to electricity. Completion is expected by end-2009.

Transport

ATS aims to be the leading provider of integrated transport and supply chain solutions in the country. Initiatives have been implemented since 2007 to achieve this.

- ATS has undergone an asset rationalization program, which resulted to improved vessel utilization and assets' earning capacity. Excess passage capacity was converted to freight accommodating high paying cargos. Sale of assets (e.g. excess containers), replacement of old tonnage and use of more fuel-efficient vessels increased operating efficiencies.

- ATS adopted a low cost carrier business model for its passenger business to enable it to compete effectively with low cost airlines. Features of the business model include high vessel utilization, virtual sales channels, outsourced support services, and tiered pricing with very low fares, among others.

- ATS has built its value added business with the acquisition of ScanAsia Overseas Inc. (ScanAsia), a leading importer and distributor of fine food products and beverages in the country, representing over 20 well-known international brands. ScanAsia has an extensive distribution network that caters to all key cities nationwide. Moreover, 100%-owned Aboitiz One Distribution, Inc. has completed its new warehouse in Taguig City, thus improving its capacity by 275%, from 8,000 to 30,000 pallet positions.

In September 2008, AEV and Aboitiz & Company, Inc. (ACO) accepted the unsolicited offer of KGLI-NM Holdings, Inc. (KGLI-NM) to buy all of their shareholdings subject to a due diligence audit. The planned acquisition will include all of the shipping and logistics businesses of ATS except the Aboitiz Jebsen Group.

In December 2008, AEV, together with ACO, accepted the Term Sheet offered by KGLI-NM for the acquisition of a 49% equity stake in ATS instead of the total buy-out proposed in the Memorandum of Agreement signed in September 2008. The 49% ownership is broken down as follows: 35% from AEV, 7.2% from ACO and 6.8% free float. The purchase price is based on an ATS equity value of ₱4.5 billion or ₱1.84 per share. AEV expects proceeds from sale of ₱1.57 billion. Transaction closing is expected on or before April 30, 2009.

KGLI-NM has the option to acquire the remaining 51% from AEV and ACO anytime from May 1, 2009 to September 30, 2009 at the same price plus a premium of 9.5% annualized per share calculated from April 30, 2009 to September 30, 2009, or to date of acquisition.

On March 31, 2009, the Company and ACO, received from KGLI-NM a notice that KGLI-NM will exercise its option under the Term Sheet to acquire at least US$30 million worth of common shares of ATS owned by the Company and ACO. The actual number of shares to be acquired by KGLI-NM will be determined based on the dollar exchange rate on closing date, which is expected to occur on April 30, 2009. KGLI-NM further informed the Company and ACO that its intention to proceed with the purchase of US$30 million worth of ATS shares from the Company and ACO is without prejudice to KGLI-NM's right under the Term Sheet to acquire the remaining ATS shares.

On April 30, 2009, KGLI-NM informed the Company and ACO that it will not proceed with the purchase of the ATS shares, citing current constraints in the debt markets as the reason for its decision. In view of this, the Term Sheet dated December 19, 2008 as well as the Memorandum of Agreement dated September 23, 2008 between AEV and ACO, on one hand, and KGLI-NM, on the other hand, are now deemed terminated. Likewise, the ₱100 million option money paid by KGLI-NM to AEV and ACO (₱82.88 million for AEV and ₱17.12 million for ACO) is deemed forfeited in accordance with the provisions of the Term Sheet.

Except for the developments disclosed in some other portion of this report and the attached financial statements, there are, as of March 31, 2009 no known trends, events or uncertainties that have had or are reasonably expected to have a material impact on net sales, revenues, income from continuing operations or on relationship between costs and revenues. There were also no events that would trigger substantial or contingent financial obligations or cause any default or acceleration of an existing obligation.

PART II--OTHER INFORMATION

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

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	Vice President – Controller
Date	20 MAY 2009
Corporate Secretary	M. Jasmine S. Oporto
Signature and Title	First Vice President - Chief Legal Officer/ Corporate Secretary / Compliance Officer
Date	20 MAY 2009

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AT MARCH 31, 2009 AND DECEMBER 31, 2008
(Amounts in Thousands)

	UNAUDITED MAR 2009	AUDITED DEC 2008
ASSETS		
Current Assets		
Cash and cash equivalents	**13,423,820**	15,758,927
Trade and other receivables - net	**4,599,110**	2,884,534
Inventories - net	**2,898,009**	2,992,557
Other current assets	**1,909,242**	1,279,106
	22,830,181	22,915,124
Noncurrent asset classified as held for sale	**-**	8,630,385
Total Current Assets	**22,830,181**	31,545,509
Noncurrent Assets		
Property, plant, and equipment - net	**13,492,602**	8,956,267
Intangible asset - service concession right	**861,139**	854,193
Investment properties - net	**306,611**	306,611
Investments and advances	**34,623,769**	32,629,427
Available-for-sale (AFS) investments	**80,113**	52,921
Goodwill	**1,812,917**	996,006
Pension Asset	**49,714**	10,538
Deferred income tax assets	**427,908**	88,146
Other noncurrent assets - net	**587,718**	274,993
Total Noncurrent Assets	**52,242,491**	44,169,102
TOTAL ASSETS	**75,072,672**	75,714,611
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	**5,729,589**	7,609,099
Trade and other payables	**8,253,837**	3,657,928
Dividends payable	**11,715**	12,502
Income tax payable	**185,434**	91,675
Current portion of long-term debt	**325,145**	558,478
Current portion of redeemable preferred shares	**626,000**	626,000
Current portion of obligations under finance lease	**61,555**	-
Current portion of obligations on Power Distribution System	**40,000**	40,000
Current portion of payable to preferred shareholder of a subsidiary	**2,816**	9,194
	15,236,091	12,604,876
Liabililities directly associated w/ non-current asset classified as held for sale	**-**	3,739,563
Total Current Liabilities	**15,236,091**	16,344,439
Noncurrent Liabilities		
Long-term debt - net of current portion	**9,559,943**	9,200,019
Redeemable preferred shares	**1,517,790**	1,500,000
Obligations under finance lease - net of current portion	**30,832**	-
Obligations on Power Distribution System - net of current portion	**260,727**	251,816
Customers' deposits	**1,625,874**	1,581,255
Payable to preferred shareholder of a subsidiary	**68,808**	88,030
Pension liability	**57,780**	34,122
Deferred income tax liability	**54,802**	59,329
Total Noncurrent Liabilities	**13,176,556**	12,714,571
Total Liabilities	**28,412,647**	29,059,010
Equity Attributable to Equity Holders of the Parent		
Capital stock	**5,694,600**	5,694,600
Additional paid-in capital	**5,791,324**	5,791,324
Net unrealized gains on AFS investments	**2,761**	3,495
Cumulative translation adjustments	**(4,839)**	1,444
Share in cumulative translation adjustments of associates	**12,715**	(14,007)
Share in net unrealized losses on AFS investments and underwriting accounts of associates	**(1,657)**	(304,420)
Gain on Dilution	**5,023,252**	5,023,252
Acquisition of Minority Interest	**(393,831)**	(361,446)
Equity Balances of Disposal Group	**-**	422
Retained earnings	**22,701,104**	22,790,973
Treasury stock at cost	**(830,654)**	(830,657)
	37,994,775	37,794,981
Minority Interests	**8,665,250**	8,860,620
Total Equity	**46,660,025**	46,655,601
TOTAL LIABILITIES AND EQUITY	**75,072,672**	75,714,611

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2009 AND 2008
(Amounts in Thousands)
(UNAUDITED)

	JAN-MAR/09	JAN-MAR/08
REVENUES	**8,448,809**	8,416,890
COSTS AND EXPENSES	**7,812,749**	7,847,311
GROSS PROFIT	**636,060**	569,579
OTHER INCOME (CHARGES)		
Share in net earnings of associates	**423,608**	897,699
Interest income	**232,347**	206,822
Interest expense	**(273,373)**	(139,319)
Dividends on redeemable preferred	**(42,907)**	(39,972)
Other income	**793,196**	194,091
	1,132,871	1,119,321
INCOME BEFORE INCOME TAX	**1,768,931**	1,688,900
PROVISION FOR INCOME TAX	**200,368**	249,664
NET INCOME	**1,568,563**	1,439,236
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE PARENT	**1,415,365**	1,176,203
MINORITY INTERESTS	**153,198**	263,033
	1,568,563	1,439,236
Earnings Per Common Share **		
Basic, for income for the period attributable to ordinary holders of the parent	**0.254**	0.207
Diluted, for income for the period attributable to ordinary holders of the parent	**0.254**	0.207

** Refer to Schedule H for the computation of Earnings per Common Share.

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED MARCH 31, 2009 AND 2008
(Amounts in Thousands)
(UNAUDITED)

	JAN-MAR/09	JAN-MAR/08
Profit for the period	**1,568,563**	1,439,236
Other comprehensive income:		
Net unrealized losses on AFS investments	**(5,247)**	(3,833)
Exchange differences on translating foreign-denominated transactions	**(2,320)**	9,649
Share of other comprehensive income (loss) of associates	**333,146**	(425,885)
Other comprehensive income (loss) for the period, net of tax (Schedules A & B)	**325,579**	(420,069)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,894,142**	1,019,167
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	**1,737,411**	748,360
Non-controlling interests	**156,731**	270,807
	1,894,142	1,019,167

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2009 AND DECEMBER 31, 2008

	Attributable to owners of the parent												
	Share Capital Common	Share Capital Preferred	Additional Paid-in Capital	Available-for-sale financial assets	Translation of Foreign-denominated Transactions	Share in Other Comprehensive Income of Associates	Gain on Dilution	Acquisition of Minority Interest	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total
Balances at December 31, 2008	**5,694,600**	**-**	**5,791,324**	**3,496**	**1,444**	**(318,005)**	**5,023,252**	**(361,446)**	**22,790,973**	**(830,657)**	**37,794,981**	**8,860,620**	**46,655,601**
Changes in equity for Jan-Mar 2009:													
Sale of treasury shares										3	3		3
Acquisition of minority interest								(32,385)			(32,385)	32,385	(0)
Cash dividends									(1,505,234)		(1,505,234)		(1,505,234)
Changes in minority interest											-	(384,486)	(384,486)
Total comprehensive income for the year				(735)	(6,283)	329,063			1,415,365		1,737,411	156,730	1,894,141
Balances at March 31, 2009	**5,694,600**	**-**	**5,791,324**	**2,761**	**(4,839)**	**11,058**	**5,023,252**	**(393,831)**	**22,701,104**	**(830,654)**	**37,994,774**	**8,665,250**	**46,660,025**

	Attributable to owners of the parent												
	Share Capital Common	Share Capital Preferred	Additional Paid-in Capital	Available-for-sale financial assets	Translation of Foreign-denominated Transactions	Share in Other Comprehensive Income of Associates	Gain on Dilution	Acquisition of Minority Interest	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total
Balances at December 31, 2007, as previously stated	**5,694,600**	**-**	**5,791,324**	**16,248**	**(7,855)**	**(332,380)**	**5,023,252**	**(84,543)**	**22,026,840**	**-**	**38,127,486**	**8,860,611**	**46,988,097**
Effects of adoption of new accounting standard (IFRIC 12)						39,194		1,396	(256,746)		(216,156)	(66,255)	(282,411)
Effects of shift to fair value method in acctg for investment properties									373,699		373,699	16,917	390,616
Balances at December 31, 2007, as restated	**5,694,600**	**-**	**5,791,324**	**16,248**	**(7,855)**	**(293,186)**	**5,023,252**	**(83,147)**	**22,143,793**	**-**	**38,285,029**	**8,811,273**	**47,096,302**
Changes in equity for Jan-Dec 2008:													
Sale (Purchase) of treasury shares										(830,657)	(830,657)		(830,657)
Acquisition of minority interest								(278,299)			(278,299)	133,977	(144,322)
Cash dividends									(3,473,706)		(3,473,706)		(3,473,706)
Changes in minority interest											-	(1,460,987)	(1,460,987)
Total comprehensive income for the year				(12,752)	9,299	(24,819)			4,120,886		4,092,614	1,376,357	5,468,971
Balances at December 31, 2008	**5,694,600**	**-**	**5,791,324**	**3,496**	**1,444**	**(318,005)**	**5,023,252**	**(361,446)**	**22,790,973**	**(830,657)**	**37,794,981**	**8,860,620**	**46,655,601**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2008

	Attributable to owners of the parent												
	Share Capital Common	Share Capital Preferred	Additional Paid-in Capital	Available-for-sale financial assets	Translation of Foreign-denominated Transactions	Share in Other Comprehensive Income of Associates	Gain on Dilution	Acquisition of Minority Interest	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total
Balances at December 31, 2007, as previously stated	**5,694,600**	**-**	**5,791,324**	**16,248**	**(7,855)**	**(332,380)**	**5,023,252**	**(84,543)**	**22,026,840**	**-**	**38,127,486**	**8,860,611**	**46,988,097**
Effects of adoption of new accounting standard (IFRIC 12)						39,194		1,396	(256,746)		(216,156)	(66,255)	(282,411)
Effects of shift to fair value method in acctg for investment properties									373,699		373,699	16,917	390,616
Balances at December 31, 2007, as restated	**5,694,600**	**-**	**5,791,324**	**16,248**	**(7,855)**	**(293,186)**	**5,023,252**	**(83,147)**	**22,143,793**	**-**	**38,285,029**	**8,811,273**	**47,096,302**
Changes in equity for Jan-Mar 2008:													
Sale (Purchase) of treasury shares										(37,028)	(37,028)		(37,028)
Acquisition of minority interest								(243,397)			(243,397)	(23,364)	(266,761)
Cash dividends									(3,473,706)		(3,473,706)		(3,473,706)
Changes in minority interest											-	(871,710)	(871,710)
Total comprehensive income for the year				(1,750)	9,257	(435,350)			1,176,203		748,360	270,807	1,019,167
Balances at March 31, 2008	**5,694,600**	**-**	**5,791,324**	**14,498**	**1,402**	**(728,536)**	**5,023,252**	**(326,544)**	**19,846,290**	**(37,028)**	**35,279,258**	**8,187,006**	**43,466,264**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2009 AND 2008
(Amounts in Thousands)
(UNAUDITED)

	JAN-MAR/09	JAN-MAR/08
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	**1,768,931**	1,688,900
Adjustments for:		
Share in net earnings of associates	**(423,608)**	(897,699)
Depreciation and amortization	**455,856**	409,943
Interest income	**(232,347)**	(206,822)
Interest expense	**316,281**	179,291
Dividend income	**(22)**	(1,259)
Provision for retirement benefits	**1,047**	1,844
Reversal of provision for impairment of goodwill on investments & of investments	**(574,789)**	-
Unrealized foreign exchange loss (gain)	**65,260**	(16,300)
Gain on sale of property, plant & equipment	**(9,622)**	(21,147)
Operating income before working capital changes	**1,366,987**	1,136,751
Changes in:		
Decrease (increase) in operating current assets	**322,661**	(1,083,823)
Increase (decrease) in operating current liabilities	**1,675,594**	(513,684)
Cash provided by (used in) operations	**3,365,242**	(460,756)
Income and final taxes paid	**(171,899)**	(64,857)
Net cash provided by (used in) operating activities	**3,193,343**	(525,613)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends received	**4,719**	254,333
Interest received	**219,289**	173,569
Additions to investments	**(307,073)**	(17,971)
Collection of (payments for) advances to associates	**(954,818)**	279,764
Acquisitions of property, plant and equipment - net	**(768,876)**	(831,777)
Disposals (acquisitions) of available for sale investments	**(459)**	1,342
Decrease in acquisition of minority interest	**-**	(133,949)
Increase in intangible assets	**(18,143)**	
Decrease in other assets	**44,639**	30,431
Net cash used in investing activities	**(1,780,722)**	(244,258)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payments of) loans payable	**(2,430,510)**	191,488
Proceeds from (payments of) long-term debt	**115,365**	(1,377,777)
Payments of payable to preferred shareholders of a subsidiary	**(16,406)**	(26,673)
Interest paid	**(389,756)**	(190,933)
Cash dividends paid	**(1,505,234)**	(3,473,706)
Decrease in minority interest	**(316,183)**	(885,868)
Re-issuance (Acquisition) of treasury shares	**3**	(37,028)
Net cash used in financing activities	**(4,542,721)**	(5,800,497)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,130,100)**	(6,570,368)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	**(65,261)**	16,300
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**16,619,181**	18,568,226
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	**13,423,820**	**12,014,158**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
FINANCIAL STATEMENT SCHEDULES AND DISCLOSURES
AT MARCH 31, 2009 AND DECEMBER 31, 2008
(peso amounts in thousands)

A. COMPONENTS OF OTHER COMPREHENSIVE INCOME

		JAN-MAR/09		JAN-MAR/08
Available-for-sale financial assets:				
Net unrealized losses arising during the year	**(5,247)**		(3,833)	
Less: Reclassification adjustments for losses included in profit or loss	**0**	**(5,247)**	0	(3,832)
Exchange differences on translating foreign-denominated transactions		**(2,320)**		9,649
Share of other comprehensive income (loss) of associates		**333,146**		(418,014)
Other comprehensive income (loss)		**325,579**		(412,197)
Income tax relating to components of other comprehensive income (loss)		**-**		-
Other comprehensive income (loss) for the period		**325,579**		(412,197)

B. TAX EFFECTS RELATING TO EACH COMPONENT OF OTHER COMPREHENSIVE INCOME

	JAN-MAR/09			JAN-MAR/08		
	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Available-for-sale financial assets	**(5,247)**	**-**	**(5,247)**	(3,832)	-	(3,832)
Exchange differences on translating foreign-denominated transactions	**(2,320)**	**-**	**(2,320)**	9,649	-	9,649
Share of other comprehensive income (loss) of associates	**333,146**	**-**	**333,146**	(418,014)	-	(418,014)
Other comprehensive income (loss) for the period	**325,579**	**-**	**325,579**	(412,197)	-	(412,197)

C. INVESTMENTS AND ADVANCES

	% OWNERSHIP 2009	MAR 2009	DEC 2008
Investments in shares of stock			
At equity			
Acquisition cost:			
Union Bank of the Philippines	38.66%	**4,507,737**	4,210,174
Accuria, Inc.	49.54%	**719,739**	719,739
Western Mindanao Power Corporation	20.00%	**263,665**	263,665
Cebu International Container Terminal, Inc.	20.00%	**240,125**	240,125
Hijos de Escaño, Inc.	46.66%	**857,237**	857,237
San Fernando Electric Light & Power Co., Inc.	20.29%	**180,864**	180,864
Pampanga Energy Ventures, Inc.	42.84%	**209,465**	209,465
Southern Philippines Power Corporation	20.00%	**152,587**	152,587
Visayan Electric Co., Inc.	55.11%	**654,826**	654,820
Manila Oslo Renewable Enterprise, Inc.	83.33%	**7,305,257**	7,305,257
East Asia Utilities Corporation	50.00%	**1,009,143**	1,009,143
STEAG State Power Inc.	34.00%	**4,400,611**	4,400,611
Therma Power Visayas, Inc.	100.00%	**5**	5
Therma Power, Inc.	100.00%	**5**	5
Redondo Peninsula Energy Corporation	50.00%	**277,545**	277,545
Adventenergy, Inc.	100.00%	**625**	625
City Savings Bank	34.42%	**79,001**	79,001
South Western Cement Corporation	20.00%	**28,995**	28,995
Luzon Hydro Corporation	50.00%	**1,048,251**	1,048,251
Cordillera Hydro Corporation	35.00%	**88**	88
Aboitiz Projects TS Corp.	50.00%	**1,888**	1,888
Kerry Logistics	50.00%	**9,504**	-
MCCP Philippines	33.00%	**16,500**	16,500
Hapag-Lloyd Philippines, Inc.	15.00%	**1,800**	1,800
JAIB, Inc.	49.00%	**1,884**	1,884
Balance at end of period		**21,967,347**	21,660,274
Accumulated equity in net earnings:			
Balance, beginning of year		**9,048,866**	8,044,060
Share in net earnings for the year		**423,608**	3,624,976
Share in associates' prior period's adjustments charged to Retained Earnings (IFRIC 12 implementation & shift to FV in acctg for inv prop)		**-**	(31,786)
Acquisition of minority interest		**(32,385)**	5,969
Cash dividends received		**(4,698)**	(2,594,353)
Balance, end of period		**9,435,392**	9,048,866
Gain on dilution		**661,212**	661,212
Share in net unrealized losses on available-for-sale securities & underwriting accounts of an associate		**(1,657)**	(300,079)
Share in cumulative translation adjustments of associates		**17,409**	(17,737)
		32,079,703	31,052,536
Allowance for impairment losses		**(28,995)**	(28,995)
Investments, at equity		**32,050,707**	31,023,540
Advances to investees		**2,573,062**	1,618,244
		34,623,769	32,641,784
Investments in associates included in the disposal group classified as held for sale			12,357
		34,623,769	**32,629,427**

D. ACCOUNTS PAYABLE & ACCRUED EXPENSES

Trade	3,154,768
DOSRI	-
Others	5,099,069
TOTAL	**8,253,837**

E. SHORT-TERM LOANS

	Effective Interest Rate	**MAR 2009**	DEC 2008
Financial institutions - unsecured	2.15% - 11.0%	**5,729,589**	7,609,099

F. LONG-TERM LOANS

	Effective Interest Rate	**MAR 2009**	DEC 2008
Company:			
Financial institutions - unsecured			
peso denominated loans	various	**2,100,000**	2,350,000
Non-financial institutions	11.00% - 12.00%	**16,500**	16,500
		2,116,500	2,366,500
Subsidiaries:			
APC			
Financial institution - secured	8.78% - 9.33%	**3,844,813**	3,847,906
HEDCOR			
Financial institution - secured	2.25% over the applicable three-month Treasury Securities rate	**646,000**	647,000
HEDCOR SIBULAN, INC.			
Financial institutions - secured	8.52%	**2,075,961**	1,687,806
PILMICO			
Financial institutions - secured	various	**612,500**	620,000
SEZC			
Financial institution - secured	9.50%	**339,314**	339,285
FILAM			
Financial institution - secured	7.22% - 10.04%	**250,000**	250,000
		7,768,588	7,391,997
Total		**9,885,088**	9,758,497
Less: Current portion		**325,145**	558,478
		9,559,943	9,200,019

G. DEBT SECURITIES

In April, 2009, AP, a 76%-owned subsidiary, registered and issued peso-denominated fixed-rate retail bonds amounting to P3 billion under the following terms:

MATURITY	INTEREST RATE	AMOUNT
5-year bonds to mature on April 30, 2012	8.7%/p.a.	2,294,420
3-year bonds to mature on May 1, 2014	8.0%/p.a.	705,580

H. EARNINGS PER SHARE

Earnings per common share amounts were computed as follows:

	MAR 2009	DEC 2008
a. Net income attributable to equity holders of the parent	**1,415,365**	1,176,203
b. Average number of outstanding shares	**5,574,942,121**	5,688,903,621
c. Earnings per share (a/b)	**0.254**	0.207

I. BUSINESS SEGMENT INFORMATION

Financial information on the operations of the business segment is summarized as follows:

	Power		Financial Services		Food Manufacturing		Transport Services		Parent Company and Others		Eliminations		Consolidated	
	Jan-Mar 2009	Jan-Mar 2008	**Jan-Mar 2009**	Jan-Mar 2008	**Jan-Mar 2009**	Jan-Mar 2008	**Jan-Mar 2009**	Jan-Mar 2008	**Jan-Mar 2009**	Jan-Mar 2008	**Jan-Mar 2009**	Jan-Mar 2008	**Jan-Mar 2009**	Jan-Mar 2008
REVENUES	**2,894,952**	2,969,353	-	-	**2,622,932**	2,407,958	**2,853,278**	2,985,833	**103,830**	141,554	**(26,183)**	(87,807)	**8,448,809**	8,416,890
RESULT														
Segment results	**241,315**	380,952	-	-	**185,797**	215,550	**193,022**	(99,328)	**14,876**	71,425	**1,050**	980	**636,060**	569,579
Unallocated corporate income (expenses)	**57,816**	66,141	-	-	**(311)**	35,421	**28,210**	64,512	**708,532**	28,997	**(1,050)**	(980)	**793,197**	194,091
INCOME FROM OPERATIONS													**1,429,257**	763,671
Interest Expense & Dividends on Redeemable Preferred	**(178,905)**	(76,064)	-	-	**(17,875)**	(8,574)	**(24,793)**	(15,654)	**(94,708)**	(78,999)	**-**	-	**(316,281)**	(179,291)
Interest Income	**201,398**	148,654	-	-	**2,093**	1,395	**2,982**	7,619	**25,874**	49,154	**-**	-	**232,347**	206,822
Share in net earnings of associates	**189,453**	686,487	231,772	217,960	**-**	-	**1,983**	(11,850)	**528,575**	898,720	**(528,175)**	(893,619)	**423,608**	897,699
Provision for Income tax	**(115,456)**	(187,010)	-	-	**(31,738)**	(87,706)	**(52,057)**	31,678	**(1,117)**	(6,626)	**-**	-	**(200,368)**	(249,664)
NET INCOME													**1,568,563**	1,439,237
OTHER INFORMATION	**Mar 2009**	Dec 2008	Mar 2009	Dec 2008	**Mar 2009**	Dec 2008	**Mar 2009**	Dec 2008	**Mar 2009**	Dec 2008	**Mar 2009**	Dec 2008	**Mar 2009**	Dec 2008
Segment assets	**15,517,141**	17,739,650	-	-	**3,294,861**	4,273,426	**4,509,346**	4,161,538	**1,002,433**	648,882	**(1,493,600)**	4,722,013	**22,830,181**	31,545,509
Investments and advances	**22,520,313**	21,345,587	11,907,560	11,112,188	**-**	-	**28,833**	17,346	**29,818,446**	29,809,467	**(29,651,383)**	(29,655,162)	**34,623,769**	32,629,426
Unallocated corporate assets	**8,693,422**	8,291,585	-	-	**2,129,922**	2,158,395	**5,203,271**	5,230,136	**1,031,659**	1,038,385	**560,448**	(5,178,826)	**17,618,721**	11,539,675
Consolidated total assets													**75,072,672**	75,714,610
Segment liabilities	**16,776,927**	16,425,559	-	-	**2,819,855**	3,987,912	**4,948,661**	4,798,996	**5,057,197**	4,110,647	**(1,488,009)**	(449,230)	**28,114,631**	28,873,884
Unallocated corporate liabilities	**198,937**	154,913	-	-	**23,053**	-	**59,168**	19,239	**16,858**	10,974	**-**	-	**298,016**	185,126
Consolidated total liabilities													**28,412,647**	29,059,010
Depreciation	**135,943**	110,855	-	-	**38,382**	28,650	**262,880**	254,620	**18,650**	15,818	**-**	-	**455,856**	409,943

J. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk. The Group’s exposure to market risk for changes in interest rates relates primarily to its long-term debt obligations. To manage this risk, the Group determines the mix of its debt portfolio as a function of the level of current interest rates, the required tenor of the loan, and the general use of the proceeds of its various fund raising activities. As of March 31, 2009, 21.05% of the Group’s long-term debt had floating interest rates ranging from 5.72% to 7.44%, and 78.95% are with fixed rates ranging from 6.75% to 12.00%. As of December 31, 2008, 23.65% of the Group’s long-term debt had floating interest rates ranging from 6.29% to 9.47%, and 76.35% are with fixed rates ranging from 6.75% to 12.00%.

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 March 31, 2009

	< 1 year	**1 - 5 years**	**> 5 years**	**Total**
Floating rate - long-term debt	134,000	1,642,000	-	**1,776,000**
Fixed rate - long-term debt	191,145	5,944,802	1,973,141	**8,109,088**
Payable to preferred shareholders of a subsidiary - floating	2,816	68,808	-	**71,624**
Redeemable preferred shares - floating	626,000	-	-	**626,000**
Redeemable preferred shares - fixed	-	1,517,790	-	**1,517,790**
Obligations under finance lease - floating	61,555	30,832	-	**92,387**
	1,015,516	9,204,232	1,973,141	**12,192,889**

As of December 31, 2008

	< 1 year	1 - 5 years	> 5 years	Total
Floating rate - long-term debt	384,000	1,645,000	-	2,029,000
Fixed rate - long-term debt	174,478	5,581,907	1,973,112	7,729,497
Financial institutions - unsecured	9,194	88,030	-	97,224
Redeemable preferred shares - floating	626,000	-	-	626,000
Redeemable preferred shares - fixed	-	1,517,790	-	1,517,790
Obligations under finance lease - floating	81,692	30,832	-	112,524
	1,275,364	8,863,559	1,973,112	12,112,035
Liabilities of Disposal Group	81,692	48,622	-	130,314
Liabilities of Continuing Operations Group	1,193,672	8,814,937	1,973,112	11,981,721

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The other financial instruments of the Group that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

Interest expenses recognized during the comparative periods are as follows:

	MAR 2009	MAR 2008
Bank loans and long term debt	248,541	113,132
Customers' deposits	1,414	1,338
Obligations under finance lease	1,683	5,215
Obligations on PDS	8,911	4,612
Advances from related parties	12,824	15,022
	273,373	139,319

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) as of March 31, 2009 and 2008:

	Increase/decrease in basis points	Effect on income before tax
Mar 2009	100	25,660
	50	12,830
Mar 2008	100	30,905
	50	15,452

Foreign exchange risk. The foreign exchange risk of the Group pertains significantly to its foreign currency denominated borrowings, including obligations under finance lease. To mitigate the risk of incurring foreign exchange losses, foreign currency holdings are matched against the potential need for foreign currency in financing equity investments and new projects. As of March 31, 2009 and December 31, 2008, foreign currency denominated borrowings account for 23.1% and 21.5%, respectively, of total consolidated borrowings.

	MARCH 31, 2009		DECEMBER 31, 2008	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Current Financial Assets				
Cash and cash equivalents	**45,343**	**2,191,405**	66,904	3,179,275
Trade and other receivables	**1,982**	**95,790**	9,764	463,985
Amounts owed by related parties	**-**	**-**	1,313	62,394
Inventory		**-**	489	23,237
Total Financial Assets	**47,325**	**2,287,195**	78,470	3,728,891
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Current Financial Liabilities				
Bank loans	**84,450**	**4,081,469**	89,247	4,241,017
Trade and other payables	**1,437**	**69,450**	9,763	463,938
Advances from shipping principals		**-**	1334	63,392
Amounts owed to a related party	**536**	**25,905**	536	25,471
Obligations under finance lease	**1,184**	**57,223**	1,730	82,210
Total Financial Liabilities	**87,607**	**4,234,046**	102,610	4,876,027
Net foreign currency denominated assets (liabilities)	**(40,282)**	**(1,946,851)**	(24,140)	(1,147,136)

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates, with all other variables held constant, of the Group's profit before tax as of March 31, 2009:

	Increase (decrease) in US dollar rate	Effect on income before income tax
US dollar denominated accounts	5%	(94,764)
US dollar denominated accounts	-5%	94,764

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

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

Credit risk. For its cash investments, AFS investments and receivables, the Group's credit risk pertains to possible default by the counterparty, with a maximum exposure equal to the carrying amount of these assets. With respect to cash and AFS investments, the risk is mitigated by the short-term and or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions of high credit standing. With respect to receivables, credit risk is controlled by the application of credit approval, limit and monitoring procedures. It is the Group's policy to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures. The Group has no significant concentration risk to a counterparty or group of counterparties.

Liquidity risk. The Group maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements are maintained to meet maturing obligations and pay dividend declarations. The Group, in general, matches the appropriate long-term funding instruments with the general nature of its equity investments.

In managing its long-term financial requirements, the Group's policy is that not more than 25% of long-term borrowings should mature in any twelve-month period. As of March 31, 2009 and December 31, 2008, the portion of the total long-term debt that debt will mature in less than one year is 7.35% and 9.31%, respectively. For its short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

The following table summarizes the maturity profile of the Group's financial liabilities as of March 31, 2009 based on contractual undiscounted [rincipal payments (amounts in thousands):

	Total Carrying Value	Contractual undiscounted principal payments				
		Total	On demand	Less than 1 year	1 to 5 years	> 5 years
Bank loans	**5,729,589**	**5,729,589**	-	5,729,589	-	-
Long-term debt	**9,885,088**	**9,885,088**	-	325,145	7,586,802	1,973,141
Customers' deposits	**1,625,874**	**1,625,874**	-	96,346	9,759	1,519,769
Trade and other payables	**8,253,837**	**8,253,837**	-	8,253,837	-	-
Obligations under finance lease	**92,387**	**92,387**	-	61,555	30,832.00	-
Obligations on power distribution system	**300,727**	**760,000**	-	40,000	200,000	520,000.00
Payable to preferred shareholder of a subsidiary	**71,624**	**71,624**	-	2,816	68,808	-
Redeemable preferred shares	**2,143,790**	**2,143,790**	-	626,000.00	1,517,790	-
Total	**28,102,916**	**28,562,189**	**-**	**15,135,288**	**9,413,991**	**4,012,910**

Capital management. 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. No changes were made in the objectives, policies or processes during the periods ended March 31, 2009 and December 31, 2008.

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 40% or below at the consolidated level. Depending on the quality of cash flows, associates and subsidiaries that can secure limited recourse project financing can maintain a gearing ratio of 70%. The Group determines net debt as the sum of interest-bearing short-term and long-term loans (comprising long-term debt, obligations under finance lease, redeemable preferred shares and payable to preferred shareholders of a subsidiary) less cash and short-term deposits and temporary advances to related parties.

Gearing ratios of the Group as of March 31, 2009 and December 31, 2008 are as follows:

	MAR 2009	**DEC 2008**
Bank Loans	5,729,589	7,609,099
Long - term debt	12,192,889	12,663,035
Temporary advances from (to) related parties	-	(487,902)
Cash and cash equivalents	(13,423,820)	(16,546,940)
Net Debt (a)	4,498,658	3,237,292
Equity attributable to equity holders of the parent	46,660,025	46,655,600
Equity and Net Debt (b)	51,158,683	49,892,892
Gearing Ratio (a/b)	**8.79%**	**6.49%**

K. FINANCIAL INSTRUMENTS

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements at other than fair values.

	MARCH 31, 2009		DECEMBER 31, 2008	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets				
Cash				
Cash and cash equivalents	**13,423,820**	**13,423,820**	16,619,181	16,619,181
Loans and receivables				
Trade and other receivables	**4,599,110**	**4,599,110**	4,505,209	4,505,209
AFS				
AFS investments	**80,113**	**80,113**	80,556	80,556
Total	**18,103,043**	**18,103,043**	21,204,945	21,204,945
Financial assets of Disposal Group			2,508,563	2,508,563
Financial assets of Continuing Operations Group	**18,103,043**	**18,103,043**	18,696,382	18,696,382

	MARCH 31, 2009		DECEMBER 31, 2008	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial liabilities				
Other financial liabilities				
Bank loans	**5,729,589**	**5,729,589**	8,160,099	8,160,099
Trade and other payables	**8,253,837**	**8,253,837**	6,682,621	6,682,621
Customers' deposits	**1,625,874**	**1,625,874**	1,584,991	1,584,991
Obligations on power distribution system	**300,727**	**366,862**	291,816	366,862
Obligations under finance leases	**92,387**	**92,387**	112,524	112,524
Long-term debt				
Fixed rate	**8,109,088**	**8,160,802**	7,729,497	7,857,834
Floating rate	**1,776,000**	**1,776,000**	2,029,000	2,029,000
Payable to preferred shareholder of a subsidiary (floating rate)	**71,624**	**71,624**	97,224	97,224
Redeemable preferred shares				
Fixed rate	**1,517,790**	**1,532,130**	1,517,790	1,511,469
Floating rate	**626,000**	**626,000**	626,000	626,000
Total	**28,102,916**	**28,235,104**	28,831,562	29,028,624
Financial liabilities of Disposal Group			3,709,744	3,709,744
Financial assets of Continuing Operations Group	**28,102,916**	**28,235,104**	25,121,818.26	25,318,880

As of March 31, 2009 and December 31, 2008, the group does not have any investment in foreign securities nor has it issued any traded debt securities.

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.

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.

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.

Variable-rate borrowings

Where the repricing of the variable-rate interest bearing loan 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.

Customers' deposits

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

Redeemable preferred shares

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

AFS investments

The fair values of AFS investments are based on quoted market prices. The publicly-traded equity securities which are owned by the group are all actively traded in the stock market.

Obligations under Power Distribution System

The fair value of long term obligation on power distribution system is calculated by discounting expected future cash flows at prevailing market rates.

L. DISCLOSURES

1. Basis of Preparation, Statement of Compliance and Changes in Accounting Policies

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for AFS and investment properties, which are measured at fair value, and agricultural produce and biological assets which are measured at fair value less estimated point-of-sale costs. The consolidated financial statements are presented in Philippine peso and all values are rounded to the nearest thousand except for earnings per share and exchange rates and otherwise indicated.

Statement of Compliance

The consolidated financial statements of the Group have been prepared in compliance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies

The same accounting policies are followed in the preparation of the interim financial statements as compared with those of the most recent annual financial statements, except as follows:

- PFRS 8, Operating Segments
- Amendments to PAS 1, Presentation of Financial Statements
- PAS 23, Borrowing Costs

PFRS 8, *Operating Segments*

PFRS 8 replaces PAS 14, Segment Reporting, and adopts a full management approach to identifying, measuring and disclosing the results of an entity's operating segments. The information reported would be that which management uses internally for evaluating the performance of operating segments and allocating resources to those segments. Such information may be different from that reported in the consolidated balance sheet and consolidated statement of income and the Group will provide explanations and reconciliations of the differences. This standard is only applicable to an entity that has debt or equity instruments that are traded in a public market or that files (or is in the process of filing) its financial statements with a securities commission or similar party.

This has no significant impact on the Group as its current manner of reporting segment information is already in compliance with this new accounting standard. The way by which different industries are grouped in the business segment disclosure is the same as the one used internally by management in evaluating their operating performances and in allocating resources.

Amendment to PAS 1, *Presentation of Financial Statements*

This Amendment introduces a new statement of comprehensive income that combines all items of income and expenses recognized in the profit or loss together with 'other comprehensive income'. Entities may choose to present all items in one statement, or to present two linked statements, a separate statement of income and a statement of comprehensive income. This Amendment also requires additional requirements in the presentation of the balance sheet and owner's equity as well as additional disclosures to be included in the financial statements.

The Group has adopted the Amendment to PAS 1 as of January 1, 2009. Adoption of this Amendment gave rise to the introduction of a new statement of comprehensive income that combines all items of income and expense recognized in the profit or loss together with 'other comprehensive income'. The reason for the Amendment is mainly to aggregate information in the financial statements on the basis of shared characteristics. Consequently, all owner changes in equity are presented in the statement of changes in equity, separately from non-owner changes in equity which are presented only as a single line labelled as "Total Comprehensive Income for the Period". The details of this single line are indicated in the new statement of comprehensive income.

PAS 23, *Borrowing Costs*

The standard has been revised to require capitalization of borrowing costs when such costs relate to a qualifying asset. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. The Group expects that this revision will have no impact on the Group's financial statements since the Group is already capitalizing borrowing costs relating to qualifying assets.

2. Seasonality of Interim Operations

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

There were no unexpected seasonal aspects that had a material effect on the Group's financial condition or results of operations.

3. Material Events and Changes

a. <u>AEV Dividend Declaration and Buy-back Program</u>

On February 11, 2009, the Board of Directors (BOD) of the Company approved the declaration of a regular cash dividend of P0.27 a share (P1.505 billion) to all stockholders of record as of February 26, 2009, payable on March 23, 2009.

In accordance with the buy-back program approved by the BOD on February 7, 2008 involving the purchase of the shares of stock of AEV and of its publicly-listed investee companies, AP and UBP, the Company has purchased into treasury 119.7 million of its own shares, 190.9 million of AP shares and 14.8 million of UBP shares as of March 31, 2009.

b. <u>MOA with KGLI-NM Holdings, Inc. re Purchase of AEV's Shareholdings in ATS</u>

On March 31, 2009, the Company and ACO, received from KGLI-NM a notice that KGLI-NM will exercise its option under the Term Sheet to acquire at least US$30 million worth of common shares of ATS owned by the Company and ACO. The actual number of shares to be acquired by KGLI-NM will be determined based on the dollar exchange rate on closing date, which is expected to occur on April 30, 2009. KGLI-NM further informed the Company and ACO that its intention to proceed with the purchase of US$30 million worth of ATS shares from the Company and ACO is without prejudice to KGLI-NM's right under the Term Sheet to acquire the remaining ATS shares.

On April 30, 2009, KGLI-NM informed the Company and ACO that it will not proceed with the purchase of the ATS shares, citing current contraints in the debt markets as the reason for its decision. In view of this, the Term Sheet dated December 19, 2008 as well as the Memorandum of Agreement dated September 23, 2008 between AEV and ACO, on one hand, and KGLI-NM, on the other hand, are now deemed terminated. Likewise, the P100 million option money paid by KGLI-NM to AEV and ACO (P82.88 million for AEV and P17.12 million for ACO) is deemed forfeited in accordance with the provisions of the Term Sheet.

c. <u>AP issuance of P3B retail bonds</u>

On April 30, 2009, AP issued a total of P3 billion worth of peso-denominated fixed rate retail bonds under the following terms:

MATURITY	INTEREST RATE	AMOUNT
5-year bonds to mature on April 30, 2012	8.7%/ p.a.	2,294,420
3-year bonds to mature on May 1, 2014	8.0%/ p.a.	705,580

The issue was 2.5 times oversubscribed and had to be upsized from P1.5 billion to P3.0 billion. The SEC approved last April 14, 2009 AP's application for registration of P1.5 billion worth of Bonds, with an oversubscription option of up to P1.5 billion.

Except for the above developments and as disclosed in some other portions of this report, no other significant event 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.

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 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 & 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.

4. Material Adjustments

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

5. Contingencies

There are legal cases filed against certain subsidiaries in the normal course of business. Management and its legal counsel believe that the subsidiaries have substantial legal and factual bases for their position and are of the opinion that losses arising from these cases, if any, will not have a material adverse impact on the consolidated financial statements.

ABOITIZ EQUITY VENTURES, INC. & SUBSIDIARIES

AGING OF RECEIVABLES

AS OF : MAR 31/2009

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Transport Services	1,159,495	141,421	44,135	246,680	1,591,731
Power	630,928	87,218	57,803	38,465	814,414
Food Manufacturing	714,982	16,880	8,098	44,591	784,551
Holding and Others	24,486	594	17,164	1,684	43,928
	2,529,891	**246,113**	**127,200**	**331,420**	**3,234,624**
Insurance and Other Claims	40,438	129	9,560	814	50,941
Related Parties	689,714	1,829	5,161	8,071	704,775
Others	432,071	22,611	232,171	282,807	969,660
	3,692,114	**270,682**	**374,092**	**623,112**	**4,960,000**
Less Allowance for Doubtful Accounts					**360,890**
					4,599,110

ACCOUNTS RECEIVABLE DESCRIPTION

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

NORMAL OPERATING CYCLE

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

Food Subsidiary - 90 days

Aviation Subsidiary - 60 days

Real Estate Subsidiary - 30 days

Transport Subsidiary - 40 days