

**COVER SHEET**

C	E	0	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 )

A	B	O	I	T	I	Z	C	O	R	P	O	R	A	T	E	C	E	N	T	E	R				
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--

G	O	V	.	M	A	N	U	E	L	C	U	E	N	C	O	A	V	E	.						
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--

K	A	S	A	M	B	A	G	A	N	,	C	E	B	U	C	I	T	Y							
---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--

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

LEAH I. GERALDEZ
------------------

Contact Person

(032) 411-1804
----------------

Company Telephone Number

**Current Report**

1	2		3	1
---	---	--	---	---

Month Day

Fiscal Year

1	7	-	C
---	---	---	---

FORM TYPE

0	5		1	8
---	---	--	---	---

Month Day

Annual Meeting

--

Secondary License Type, if Applicable

S	E	C
---	---	---

Dept. Requiring this Doc

--

Amended Articles Number/Section

--

Total No. of Stockholders

X
---

Domestic

--

Foreign



To be accomplished by SEC Personnel concerned

--	--	--	--	--	--	--	--	--	--	--	--

File Number

\_\_\_\_\_

LCU

--	--	--	--	--	--	--	--	--	--	--	--

Document I.D.

\_\_\_\_\_

Cashier

STAMPS
--------

**Remarks** = pls. Use black ink for scanning purposes

SECURITIES & EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17  
OF THE SECURITIES REGULATION CODE (SRC)  
AND SRC RULE 17.2(c) THEREUNDER

1. **May 8, 2009**  
Date of Report (Date of earliest event reported)
2. SEC Identification Number **CE02536** 3. BIR TIN **003-828-269-V**
4. **ABOITIZ EQUITY VENTURES, INC.**  
Exact name of registrant as specified in its charter
5. **Cebu City, Philippines** 6.   
Province, country or other jurisdiction of incorporation Industry Classification Code
7. **Gov. Manuel A. Cuenco Ave., Kasambagan, Cebu City** **6000**  
Address of principal office Postal Code
8. **(032) 411-1800**  
Registrant's telephone number, including area code
9. **N.A.**  
Former name or former address, if changed since last report
10. Securities registered pursuant to Sections 4 and 8 of the RSA
 

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding (as of December 31, 2008)
<b>Common Stock P1 Par Value</b>	<b>5,574,942,121</b>
<b>Amount of Debt Outstanding</b>	<b>P29,058,990,662</b>
11. Indicate the item numbers reported herein: 9

**Item 9: Other Events**

Aboitiz Equity Ventures, Inc. (AEV) ended the first quarter of 2009 with a total net income of P1.4 billion, recording an increase of 20% year-on-year (YOY). This translates to a P0.25 earnings per share for the first quarter of 2009.

For the period in review, the company had a non-recurring net income of P550 million, versus a non-recurring loss of P33 million in the same period last year. Aside from a foreign exchange loss of P83 million at the parent and subsidiary levels, AEV realized a non-recurring income of P633 million, which comprise (1) a P575 million reversal of impairment provision to adjust the carrying amount of the assets of Aboitiz Transport System Corporation (ATSC) in consideration of the termination of the planned sale of ATSC and (2) a P58 million booked revenue (inclusive of provision for tax), which represents the option money paid to AEV for the planned

sale of ATSC. Accounting for these one-off items, AEV recorded a 28% YOY decline in recurring net income.

For the period in review, AP accounted for 38% of AEV's total earnings contributions from the various business segments. This was followed by the banking group with earnings contribution amounting to 31% of total. Income share of the food and transport groups were recorded at 18% and 13% of total, respectively.

## **Business Segments**

### **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 hydro power 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 578MW, an 18% YOY increase. The increase was due to the turnover of the 175MW Ambuklao-Binga hydro power 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. Said 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-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 hydro power 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.

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 the National Power Corporation'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 P242 million in the quarter, recording a 4% YOY improvement from previous year's P232 million.

Union Bank of the Philippines (UBP) ended the quarter with an earnings contribution of P229 million, up by 3% YOY.

Interest income for the period increased by 45% YOY to P3 billion. This was mainly attributable to a 49% YOY expansion in interest earnings on loans and receivables to P1.7 billion. The bank's loan portfolio recorded a 66% YOY increase, from P46.9 billion to P77.8 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 P986 million. Net interest income rose by 15% YOY, from P1.3 billion to P1.4 billion. Similarly, operating income increased by 18% YOY to P2.1 billion as net trading gains improved by 17% YOY to P138 million.

UBP's asset base stood at P215.2 billion as of quarter end, with deposit level of P168.9 billion. The bank's capital adequacy ratio was at 10.8%, inclusive of credit, market and operational risk charges, which remains above the industry minimum requirement of 10%.

AEV's non-listed thrift bank, City Savings Bank (CSB), contributed earnings of P13 million during the period in review, up 32% from the same period last year. The bank's higher earnings contribution could be attributed mainly to the bank's loan volumes expansion for the period. Total resources increased to P4.7 billion from 2008 year-end level of P4.65 billion. The bank's NPL ratio stood at 1.66% while its NPL coverage ratio was at 111%. Total capital funds amounted to P595 million with a capital adequacy ratio of 15.46%.

### **Transport**

The transport group shored in a positive income contribution of P103 million, a reversal from last year's net loss contribution of P22 million. This was mainly due to a 34% YOY reduction in fuel costs, improved asset utilization and the development of the value added business.

For the quarter in review, the company's consolidated revenue recorded a 4% YOY decline to P2.9 billion. The decline in the company's international chartering business resulted to a 27% YOY drop in freight revenues. In contrast, its freight shipping operations rose by 14% YOY as average freight rates per twenty-equivalent unit (TEU) increased by 16%. Freight capacity is being filled up with its own supply chain and value added business. Increased volumes of the passage business resulted to a 3% YOY increase in revenues, from P618 million to P635 million. The business continues to offer year-round promotional rates to drive demand and face stiff competition from the airline industry.

For the quarter ending March 31, 2009, freight and passage capacity improved by 4% YOY. The company purchased an additional Cebu Ferries passenger vessel last year. It likewise chartered a freighter to meet the increase in cargo demand. Load

factors for the quarter were at 72% and 78% for the passenger and freight, respectively.

The growth in the value added business was fueled by the 218% YOY increase in the sale of goods to total P377 million. Accounting for a major share was ScanAsia Overseas, Inc., a company purchased by ATS in June 2008.

### **Food**

Income contribution from AEV's non-listed food subsidiary, Pilmico Foods Corporation, recorded a 12% YOY decline to P138 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.

### **Financial Condition**

For the quarter ending March 31, 2009, the company's total assets amounted to P75.1 billion, down by 1% from year-end 2008 level. Cash and cash equivalents amounted to P13.4 billion, lower by P3.1 billion from year-end 2008 levels. Total liabilities decreased by 2% to P28.4 billion, while Equity Attributable to Equity Holders of the Parent increased by 1% to P38 billion. Current ratio as of period end was at 1.5x (versus year-end 2008's 1.9x), while net debt-to-equity ratio was at 0.10x (versus year-end 2008's 0.07x).

### **Other Developments**

On April 30, 2009, AEV and its principal stockholder, Aboitiz & Company, Inc. (ACO), have been informed by KGLI-NM Holdings, Inc. (KGLI-NM) that KGLI-NM will not proceed with the purchase of US\$30 million worth of ATSC common shares owned by AEV and ACO.

KGLI-NM cited the current constraints in the debt markets as the reason for its decision not to push through with its planned purchase of the ATSC shares owned by AEV and ACO. KGLI-NM had previously informed AEV and ACO last March 31, 2009 that the former is exercising its option under Section 5(c)(i) of the Term Sheet dated December 19, 2008 to purchase US\$30 million worth of ATSC shares from AEV and ACO.

In view of KGLI-NM's decision not to close pursuant to the Term Sheet and its notice dated March 31, 2009, 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 (P83 million for AEV and P17 million for ACO) is also deemed forfeited in accordance with the terms of the Term Sheet.

SIGNATURE (S)

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

ABOITIZ EQUITY VENTURES, INC.

By



**LEAH I. GERALDEZ**

Assistant Corporate Secretary

Dated: May 8, 2009