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
Contact Person

(032) 411-1800
Company Telephone Number

1st Quarterly Report

1	2		3	1

Month *Day*

Fiscal Year

1	7	-	Q	

FORM TYPE

0	5		1	7

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

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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, 2010

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	5,521,871,821
Total debt	₱91,812,843,111

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.

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 its capital expenditure and working capital requirements.

3. CASH FLOW GENERATED
   Using the Statement of Cash Flows, management determines the sources and usage of funds for the period and analyzes how the group manages its profit and uses its internal and external sources of capital. This aids management in identifying the impact on cash flow when the group's activities are in a state of

growth or decline, and in evaluating management's efforts to control the impact.

4. CURRENT RATIO

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

5. DEBT-TO-EQUITY RATIO

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

	March 31/2010	March 31/2009	Dec 31/2009
EQUITY IN NET EARNINGS OF INVESTEES	**952,273**	423,608	
EBITDA	**10,525,456**	1,751,566	
CASH FLOW GENERATED:			
Net cash provided by operating activities	**4,278,996**	3,193,343	
Net cash used in investing activities	**(3,774,597)**	(1,780,722)	
Net cash used in financing activities	**(570,870)**	(4,542,722)	
Net Decrease in Cash & Cash Equivalents	**(66,471)**	(3,130,101)	
Cash & Cash Equivalent, Beginning	**5,582,228**	16,037,473	
Cash & Cash Equivalent, End	**5,723,525**	12,842,112	
CURRENT RATIO	**0.98**		0.79
DEBT-TO-EQUITY RATIO	**1.46**		1.62

All the key performance indicators exceeded management's expectations during the period under review.

Equity in net earnings of investees registered a 125% year-on-year (YOY) increase. This improvement was attributed to the strong performance of the majority of the power associates and the bank associates. Bulk of the increase was coming from the growth in the combined income contributions of SN Aboitiz Power - Magat, Inc. (SNAP-Magat) and SN Aboitiz Power - Benguet, Inc. (SNAP-Benguet) due to rise in revenues and improvement in the foreign exchange differential (foreign exchange gains booked in 1Q 2010 vs foreign exchange losses recorded in 1Q 2009). Likewise, the banks contributed higher earnings during the current period on the back of higher net interest margins.

The 501% increase in EBITDA was attributable to the rise in equity earnings of associates and the robust gross profit generated by the group as a result of higher revenues and effectively-controlled costs and expenses. The fresh gross margin contributions of Aboitiz Power Renewable Inc. (APRI), Therma Luzon, Inc. (Therma Luzon), Therma Marine, Inc. (Therma Marine) and Hedcor Sibulan, Inc. (Hedcor Sibulan), which started commercial operations in June, 2009, October, 2009, February, 2010, and March, 2010, respectively, also significantly enhanced this growth in EBITDA.

The improvement in both current and debt-to-equity ratios from year-end 2009 levels was mainly due to the increase in current assets which outpaced the increase in current liabilities, and the increase in equity which more than offset the increase in consolidated liabilities, respectively. The growth in current assets was mainly attributed to the movement in cash and trade and other receivables which correspondingly rose with the higher volume of revenues generated during the quarter in review. Equity attributable to equity holders of the parent also increased with the ₱6.25 billion net income recorded during the quarter.

Despite today's challenging economic environment and external market volatilities, management teams across the Group continue to effectively handle and monitor their respective operating performances and financial requirements. This results in the generation of positive cash inflows from operations and raising of the needed funds to finance various investments and projects, and still registering healthy financial ratios in the process. 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 2010, AEV and subsidiaries posted a consolidated net income of ₱6.25 billion, a 341% year-on year increase, which translated to a ₱1.13 in earnings per share. This record performance was driven by robust income contributions of the majority of the industry groups, with the power group still accounting for the lion's share at 90% and followed by the banking and food groups at roughly 6% each, which more than offset the negative contribution of the transport group.

For the three-month period, the group recorded a non-recurring gain of ₱308 million (versus a ₱550 million non-recurring income for the same period last year), attributable to the appreciation of the Philippine peso. Sans one-off, AEV's core net income for the quarter still grew at a very healthy rate of 586% YOY, from ₱865 million to P5.94 billion.

Power

Aboitiz Power Corporation (AP) and its subsidiaries ended the quarter with an income contribution of ₱5.68 billion, a significant jump from the ₱290 million reported during the comparable period last year. Adjusted for non-recurring items, the group's core earnings contribution likewise registered a hefty 1341% YOY increase, from ₱373 million to ₱5.37 billion.

The power generation group recorded an unprecedented 6780% YOY surge in earnings contribution to AEV, from ₱84 million to ₱5.76 billion, mainly due to the 575% YOY increase in total attributable power sales, from 312 GWh to 2,418 GWh. This expansion substantially came from the acquired generation assets in 2009, which contributed a combined energy sales of 2,067 GWh, accounting for 85% of the total attributable power sales for the period. As of quarter end, AP's attributable capacity was at 1,945 MW, posting a 237% YoY increase, with the turnover of the Tiwi-Makban geothermal power plants in May 2009, the assumption of the dispatch control over the 700 MW contracted capacity of the Pagbilao coal-fired power plant in October 2009 and the takeover of the two 100 MW power barges in the first quarter of 2010.

On the other hand, the power distribution group's attributable electricity sales for the quarter rose by 9% YOY, from 772 GWh to 841 GWh, as power consumption of the residential, commercial and industrial customers increased YOY by 5%, 4% and 13%, respectively. Customer base grew, with the residential segment increasing by 4% and the non-residential by 2%. Despite this substantial improvement in sales, the group posted a 13% YOY decline in its earnings contribution to AEV, from ₱191 million to ₱167 million. This drop was principally due to the higher expenses incurred by Cotabato Light & Power Company (CLP) and Davao Light & Power Company, Inc. (DLP) in operating their respective back-up power plants to provide the much-needed power to the Mindanao grid. Visayan Electric Company, Inc. (VECO) and CLP also booked higher costs resulting from the reduction in the systems loss allowance in January 1, 2010, from 9.5% to 8.5%.

Financial Services

Income contribution from the financial services group registered a 57% YOY improvement, from previous year's ₱242 million to ₱379 million. Union Bank of the Philippines (UBP) ended the quarter with an earnings contribution of ₱353 million, up by 54% YOY, while City Savings Bank's (CSB), share in earnings was ₱26 million, up 95% YOY.

UBP's first quarter 2010 net income increased by 51% to ₱855 million mainly due to the 19% YOY expansion in net interest income to ₱1.72 billion. This improvement was attributable to the 25% YOY reduction in the UBP's interest expense, from ₱1.58 billion to ₱1.18 billion, which outpaced the 4% YOY decrease in interest income, from ₱3.02 billion to ₱2.90 billion. Lower average loan yields for the period offset the 9% YOY increase in UBP's total loans and other receivables.

The 88% YOY increase in CSB's net income of ₱73 million was attributed mainly to the 45% growth in its interest income on loans and service fees as total loan booked during the period was up by ₱1.5 billion to ₱5.2 billion, from ₱3.7 billion in first quarter of 2009.

Transport

The transport group ended the quarter with a net loss contribution of ₱110 million, in contrast to last year's net income contribution of ₱103 million. This was mainly attributable to the 31% YOY increase in operating expenses to ₱2 billion that resulted from higher fuel costs, its single largest expense. Fuel prices reversed its trend and recorded a rise of close to 50% YOY during the quarter.

Food

For the first quarter of 2010, income contribution from Pilmico Foods Corporation (Pilmico) and its subsidiaries, amounted to ₱372 million, up 170% YOY. Increase in sales volume in the flour business more than offset the decline in its average selling prices, resulting to a 618% YOY improvement in income contribution. Growth in operating margins, resulting from higher sales volume and lower freight and raw material costs, led to the 92% YOY jump in the feeds business' income contribution. The swine business' earnings contribution likewise improved by 164% YOY due to higher margins coming from increases in both sales volume and selling prices.

Material Changes in Line Items of Registrant's Statements of Income and Comprehensive Income

For the first quarter of 2010, AEV's consolidated net income attributable to equity holders registered a 341% growth, reaching ₱6.25 billion from ₱1.12 billion posted in the same period last year.

Operating profit for the current period amounted to ₱8.42 billion, a 1224% increase from the ₱636 million generated in first quarter of 2009. This improvement was brought about by the ₱14.30 billion increase in consolidated revenues, which more than offset the ₱6.51 billion increase in costs and expenses. All the industry groups, except transport, recorded higher operating margins during the period under review.

Power subsidiaries reported a combined 473% YOY increase in operating margins resulting from the 473% growth in consolidated revenues which surpassed the corresponding hike in costs and expenses. Improvement in revenues (₱16.6 billion vs ₱2.9 billion) was largely due to the fresh contributions of APRI which took over operations of Tiwi-Makban geothermal power plants in May, 2009, and Therma Luzon which assumed dispatch control of the Pagbilao plant as an Independent Power Producer (IPP) Administrator in October, 2009. The combined revenues from these plants accounted for ₱13.1 billion of the increase in AP's consolidated revenues. The 220% rise in consolidated costs and expenses (₱8.48 billion vs ₱2.65 billion) was mainly due to the operating costs of APRI and Therma Luzon which accounted for 87% of the total increase.

Food group reported a 167% YOY increase in operating margins as the ₱298 million increase in revenues was complemented by a ₱13 million decrease in costs and expenses. The 11% rise in sales (₱2.92 billion vs ₱2.62 billion) was largely attributed to the higher sales volume of flour, feeds and swine and better selling prices of both feeds and swine. The 1% decline in costs and expenses (₱2.42 billion vs ₱2.44 billion) was brought about by the decrease in raw material and freight costs of feeds.

Transport group registered a 196% decrease in operating margins, from a ₱193 million profit in the first quarter of 2009 to ₱186 million loss in first quarter 2010. This decline in margins was brought about by a ₱665 million increase in costs and expenses (₱3.32 billion vs ₱2.66 billion) which more than offset the ₱286 million increase in revenues (₱3.14 billion vs ₱2.85 billion). The increase in costs and expenses was mainly due to the 31% hike in operating costs resulting from the increase in fuel prices and the 75% rise in costs of sale from increased supply chain revenues. The growth in consolidated revenues was due to the improvements in the international ship chartering business and increased patronage of the value added services, which more than compensated for the decline in revenues from the local freight and passage business. The passage business operated at very limited capacity during the first quarter of the year, as three SuperFerry vessels were drydocked and put under maintenance.

Share in net earnings of associates registered a 125% YOY improvement (₱952 million vs ₱424 million) primarily due to the strong performance of the majority of the power associates and the two bank associates. Bulk of the increase was coming from the growth in the combined income contributions of SNAP-Magat and SNAP-Benguet due to rise in revenues and the positive foreign exchange differentials booked during the current period. The hike in revenues of SNAP-Magat was due to the newly-contracted ancillary service agreements, revenues from which more than made up for the decline in sales of generated power as a result of lower water levels. The rise in revenues of SNAP-Benguet was due to the improvement in selling prices resulting from higher Wholesale Electricity Spot Market (WESM) clearing prices. Both SNAP-Magat and SNAP-Benguet benefited from the peso appreciation as of end of quarter 2010. They booked some foreign exchange gains from the restatement of their US dollar-denominated debt, in contrast to the foreign exchange losses booked in the first quarter of 2009 with the peso depreciation at that time. Likewise, the banks contributed higher earnings during the current period on the back of higher net interest margins.

The growth in consolidated operating profit and equity earnings was partially offset by the increase in net interest expense and provision for income tax and the decrease in other income. The ₱1.6 billion increase in net interest expense (₱1.68 billion vs ₱84 million) was due to higher average debt level in 2010, which includes the ₱45.92 billion finance lease obligation booked by Therma Luzon in October 2009. This finance lease obligation generated ₱1.25 billion in accreted interest expense in the first quarter of 2010. The ₱184 million rise in provision for income tax (₱384 million vs ₱200 million) was mainly due to the deferred income tax provision booked by Therma Luzon on the unrealized foreign exchange gain that was generated from the restatement of the dollar portion of its finance lease obligation. Other income decreased by 15% (₱670 million vs ₱793 million) resulting from the Company's one-off reversal in the first quarter of 2009 of the ₱575 million impairment provision that was set up in 2008 on its Aboitiz Transport System (ATSC) Corporation (ATS) investment and recognition as income of the ₱83 million forfeited option money from the aborted sale of its ATS investment. This decrease was partially offset by the net foreign exchange gains of ₱552M booked during the current period, vis-à-vis the ₱27M net foreign exchange losses recorded in the first quarter 2009.

The 1034% increase in net income attributable to minority interests was mainly due to the significant surge in power group's net income, 24% of which, belongs to minority shareholders.

AEV's consolidated comprehensive income attributable to equity holders rose by 267%, from ₱1.74 billion in first quarter 2009 to ₱6.37 billion in first quarter 2010. This was mainly due to the increase in net income (₱6.25 billion vs ₱1.42 billion), which was partially offset by the decrease in other comprehensive income (₱127 million vs ₱322 million). The decline in other comprehensive income was mainly a result of the decrease in the share of net unrealized gains on AFS investments of UBP, from ₱298 million to ₱155 million, as lower mark-to-market valuation gains on its investment securities were recorded during the current period. Moreover, there was dip (-₱35 million vs +₱35 million) in the share of cumulative translation adjustments recorded by power associates using functional currency accounting. With the US dollar depreciation as of end of March, 2010, these power associates recognized negative foreign currency translation adjustments, compared to the positive adjustments recorded in the first quarter of 2009 when the US dollar appreciated.

Changes in Registrant's Resources, Liabilities and Shareholders Equity

Assets

Compared to year-end 2009 levels, consolidated assets increased 8% to ₱154.56 billion as of March 31, 2010, due to the following:

a. Cash & Cash Equivalents increased by ₱141 million mainly due to higher funds maintained at power group level, partially offset by the reduction in cash balances of AEV parent and ATS. Power group's cash balance increased by ₱797 million as higher internally-generated cash was held by Therma Luzon. This was offset by the ₱354 million reduction in cash by AEV parent as it settled its payable on the purchase of additional AP shares in December, 2009. ATS's cash balance also declined by ₱244 million as funds were used to partially finance its capital expenditures during the current period.

b. Trade and Other Receivables increased by 83% from ₱7.63 billion to ₱13.98 billion, primarily due to the newly-consolidated receivables of Therma Marine and the higher trade receivables of APRI and Therma Luzon resulting higher sales.

c. Inventories increased by 13% (₱3.70 billion vs ₱3.27 billion) mainly due to the steady increase in coal inventories of Therma Luzon and the newly-consolidated spare parts inventory of Therma Marine, which more than offset the decrease in inventory of food group.

d. Other Current Assets increased by 18% (₱2.27 billion vs ₱1.92 billion) mainly due to the build-up of VAT inputs of Therma Luzon on its coal purchases and of Hedcor Sibulan on the incremental construction costs incurred during the current period.

e. Property, Plant & Equipment (PPE) increased by ₱2.28 billion, from ₱80.56 billion to ₱82.84 billion, primarily due to the ₱1.38 billion purchase of the two power barges by Therma Marine and the ₱750 million purchase of two ropax vessels by ATS. The capitalized ₱400 million drydocking costs of ATS also contributed to said increase.

f. Investments and Advances totalled ₱40.15 billion, up by 4% from year-end 2009 level of ₱38.57 billion. This increase was mainly attributed to the following: (1) purchase of ₱26 million worth of CSB shares; (2) ₱664 million capital infusion into SNAP-Benguet to finance the on-going Ambuklao plant rehabilitation; (3) recognition of a ₱155 million share in unrealized valuation gains on UBP's AFS investments; and (4) increase in accumulated equity earnings resulting from the recording of ₱952 million share in associates' net earnings and the receipt of ₱180 million cash dividends from certain associates.

g. Deferred Income Tax Assets increased by 18% (₱605 million vs ₱514 million) mainly due to ATS's recognition of the corresponding income tax benefit on the additional Net Operating Loss Carry Over ("NOLCO") generated during the current quarter.

Liabilities

Consolidated short-term bank loans increased by 2% (₱8.84 billion vs ₱9.04 billion) while long-term liabilities inched up by 1% (₱67.26 billion vs ₱66.46 billion). The increase in short-term loans was due to the ₱1.4 billion loan availment by ATS to finance the purchase of two vessels and the drydocking costs incurred, and was partially offset by loan prepayments made power group using internally-generated funds. The movement in long term debt was mainly due to the ₱800 million availment by power subsidiary Cebu Private Power Corporation during the current period.

Trade and other payables went up by 22% from ₱10.74 billion to ₱13.08 billion, mainly due to the ₱1.68 billion rise in power group's payables resulting from the first-time consolidation of Therma Marine's accounts and the higher trade payables of Therma Luzon. ATS also registered a ₱649 million increase due to higher trade payables and unearned international shipping revenues.

Income tax payable decreased by 9% mainly due to early remittance by certain subsidiaries of their fourth quarter 2009 income tax dues.

Deferred income tax liabilities increased by ₱244 million mainly due to Therma Luzon's recognition of the corresponding income tax provision on the unrealized foreign exchange gains booked during the current period.

Equity

Equity attributable to equity holders of the parent increased by 14% from year-end 2009 level of ₱44.70 billion to ₱51.07 billion, mainly due to (1) the ₱6.25 billion increase in Retained Earnings, resulting from net income recorded during the quarter; and (2) the ₱155 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.

Material Changes in Liquidity and Cash Reserves of Registrant

For the first quarter of 2010, the group continued to support its liquidity mainly from cash generated from operations and dividends received from associates. External borrowings were also a source of liquidity.

Compared to the cash inflow during the comparable quarter in 2009, consolidated cash generated from operating activities in the first quarter of 2010 increased by ₱1.08 billion to ₱4.28 billion. This increase was largely a result of a higher net income generated during the current period, partially offset by the rise in trade receivables.

Net cash used in investing activities reached ₱3.77 billion (versus ₱1.78 billion in 1Q2009) as business acquisition and capital expenditures were higher during the current period.
Net cash used in financing activities during the current period was lower at ₱571 million, compared to the ₱4.54 billion in first quarter 2009. This decrease in fund usage was mainly due to lower loan prepayments and no cash dividend payment made during the current quarter, in contrast to last year wherein the 2009 cash dividends were paid by AEV during the first quarter.

For the first three months of 2010, net cash inflows were higher than cash outflows, resulting to a 2.5% increase in cash and cash equivalents, from ₱5.58 billion in December, 2009 to ₱5.72 billion in March, 2010.

Financial Ratios

The improvement in current ratio, from 0.79:1 as of December 2009 to 0.98:1 as of March 2010, was mainly due to the increase in current assets which outpaced the increase in current liabilities. The growth in current assets was mainly attributed to the movement in cash and trade and other receivables which correspondingly rose with the higher volume of revenues generated during the quarter in review. Likewise, debt-to-equity ratio improved, from 1.62:1 as of December 2009 to 1.46:1 as of March 2010, and net debt-to-equity ratio at 1.1x (versus year-end 2009's 0.3x), as the increase in equity more than offset the increase in consolidated liabilities. The increase in equity attributable to equity holders of the parent came from the ₱6.25 billion net income recorded during the quarter.

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:

1. Continued Growth in the Company's Attributable Capacity

AP ended the year 2009 with a total attributable generating capacity of 1,745 MW, recording a 202% YOY expansion from end-2008 level of 578 MW. The capacity growth was mainly due to the following:

- In May 2009, the Tiwi-Makban geothermal plants were turned over to APRI. The facilities are the Company's first geothermal assets. Based on 2009 operations, the Tiwi-Makban geothermal plants' peak generation was recorded at 467 MW.

- On August 28, 2009, Therma Luzon, a wholly owned subsidiary of AP, submitted the highest offer in the competitive bid for the appointment as the IPP Administrator of the 700-MW contracted capacity of the Pagbilao IPPA located in Pagbilao, Quezon conducted by Power Sector Asset and Liabilities Management Corporation (PSALM). The bid price amounted to US$691 million as calculated in accordance with PSALM bid rules. This value represents the present value of a series of monthly payments to PSALM from October 2009 to August 2025 using PSALM discount rates. On October 1, 2009, Therma Luzon assumed dispatch control of the 700-MW contracted capacity of the Pagbilao Plant following the successful completion by Therma Luzon of the conditions precedent required in the IPP Administration Agreement with PSALM. As IPP Administrator, Therma Luzon is responsible for procuring the coal requirements of the Pagbilao Plant and for selling the electricity it generates.

In 2010 and moving forward, AP's attributable capacity is seen to further increase as the following events take place:

- Takeover of the two barge, mounted diesel-powered generation plants, each with a generating capacity of 100 MW.

  AP, through wholly owned subsidiary Therma Marine assumed ownership of PB 118 and PB 117 on February 6, 2010 and March 1, 2010, respectively. PB 118 is a power barge with a 100 MW bunker-fired generating facility moored at Bgy. San Roque, Maco, in Compostella Valley, Mindanao, while PB 117 is a power barge with a 100 MW bunker-fired generating facility moored at Bgy. Sta. Ana, Nasipit, Agusan del Norte, Mindanao.

AP acquired both power barges on July 31, 2009 via a successfully concluded negotiated bid with PSALM. The total purchase price for both barges is US$30 million. Therma Marine has Ancillary Services Procurement Agreements with the National Grid Corporation of the Philippines (NGCP) involving 100 MW (out of the total 200 MW) of generating capacity.

- Completion of Greenfield and Brownfield projects

  Construction work on the 42.5-MW run-of-river hydropower plant in Barangay Sibulan, Sta. Cruz, Davao del Sur by AP's 100%-owned subsidiary Hedcor Sibulan is expected to be completed in 2010. The facilities, which comprise two cascading hydropower generating facilities tapping the Sibulan and Baroring rivers, are expected to generate an estimated 212 million kWh of clean and emissions-free energy annually. The commercial operation of the first plant, which has a capacity of 26 MW, started in March 2010, while the second plant, with a capacity of 16.5 MW, is expected to commence in May 2010.

  The 3x82-MW coal-fired power plant in Toledo City, Cebu, which is a joint venture with Metrobank Group's Global Business Power Corporation and Cebu-based Vivant of the Garcia Group, is scheduled for completion in 2010. The first 82 MW-unit started to generate and deliver power to the Visayas grid in March 2010. The second and third 82-MW units are expected to commence commercial operations by second and fourth quarters of 2010, respectively. AP has an effective participation of 26% in the project.

  The Company, together with its partner SN Power, is pursuing the programmed rehabilitation of both the 75 MW Ambuklao and 100 MW Binga hydro facilities. Rehabilitation of the former is expected to be completed by 2010, with the first unit coming on stream by third quarter of 2010, while the second and third units by the last quarter of 2010. Total capacity is expected to increase to 105 MW. Rehabilitation works on Binga will commence after, performing works on one unit per year. Completion of rehabilitation of all four units is expected by 2014, which should enhance generating capacity by 20%, to 120 MW.

2. Greenfield Projects

AP wholly owned subsidiary Hedcor Tamugan, Inc. (Hedcor Tamugan) is planning to build a 10 to 15-MW hydro plant along the Tamugan River following the compromise between Hedcor, Inc. (Hedcor) and the Davao City Water District (DCWD) on the Tamugan water rights dispute. Further discussion with the DCWD led to the revision of the project's design and plant size. Hedcor Tamugan has submitted a proposal for a 15-MW hydropower plant, in lieu of the contested proposal for a 27.5-MW hydropower plant. Given the new project scheme, Hedcor Tamugan will have to conduct studies for engineering design (one year). Once approved and permits are secured, the two-year construction period will commence. Despite the lower generating capacity, the required amount of energy under a power supply agreement between the Hedcor consortium (of which Hedcor Tamugan is a part of) and DLP will be met.

Hedcor is also conducting feasibility studies for potential hydropower projects located in both Luzon and Mindanao. Based on current findings, Hedcor sees the potential of building 5-50 MW plants in the identified areas. The feasibility studies are expected to be completed in two years. Once permits are secured, another two years will be needed for the actual construction of the hydro facilities.

On February 17, 2007, AP entered into a Memorandum of Agreement with Taiwan Cogen, 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, RP Energy was incorporated as the 50:50 joint venture company for this project. The project is estimated to cost approximately US$500 million. AP together with its partner Taiwan Cogen has put the Subic coal project on hold for further review as the Company continues to assess the changes to the demand in the Luzon Grid following the global financial crisis.

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

With more than 70% of the national Power Corporation (NPC) assets bidded out and awarded, the Company continues to closely evaluate the investment viability of the remaining power generation assets that PSALM intends to auction off.

AP is also keen on participating in PSALM's public auction for the 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.

Power (Distribution Business)

As the impact of the global financial crisis to the local economy unfolds, the Company remains optimistic that it will realize modest growth on its existing distribution utilities. It continually seeks efficiency improvements in its operations to maintain healthy margins.

The implementation of the rate adjustment formula for the distribution companies under the Performance-Based Rat-Setting Regulation (PBR) is on a staggered basis.

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

On May 1, 2009, CLP implemented its final approved rate structure, which was released by the Energy Regulatory Commission (ERC) on April 15, 2009. This rate structure was based on the approved annual revenue requirement and performance incentive scheme under the PBR. CLP is the first distribution utility in the AP group to implement this incentive-based scheme.

VECO and DLP are part of the third group (Group C) of private distribution utilities expected to enter PBR. Both VECO and DLP entered their respective reset periods in end 2008 and are expected to enter the 4-year regulatory period by July 1, 2010.

San Fernando Electric Light & Power Company, Inc. (SFELAPCO) and Subic Eneraone Corporation (SEZ) are part of the fourth batch (Group D) of private distribution utilities to enter PBR. They are expected to enter their respective 4-year regulatory period by October 1, 2011.

In April 2009, VECO also applied for a petition with the ERC under the Return on Rate Base (RORB) ratemaking regime for the adjustment and realignment of its current distribution charge. After the conclusion of the application process, which included a series of public consultations, the ERC granted VECO's petition on August 7, 2009 with modifications on the sound value of assets and the revenue requirement. After taking the adjustments into consideration, the average rate adjustment was ₱0.2267 per kWh. The rate adjustment was implemented starting September 10, 2009.

In September 2009, SFELAPCO filed a rate increase application with the ERC under the RORB rate-making methodology, which is still pending at present. The average rate adjustment applied for is ₱0.3980/kilowatt-hour.

The Company's strategy in running its utilities is one of providing world-class service at the least possible cost. Providing value to its customers allows the Company 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 the Company's continued ability to successfully apply and implement rate increases.

AP will participate in the bid to privatize the Olongapo Public Utilities Department (Olongapo PUD), which is tasked with the operation and maintenance of the electric, light and power systems of Olongapo City, Zambales. The bidding is scheduled to take place in May 2010. In 2008, the Olongapo PUD sold 139 GWh of electricity to approximately 41,000 customers. Average peak demand in 2008 was at 28.6 MW.

Market and Industry Developments

1. Power Supply Option Program and the Open Access and Retail Competition

On March 1, 2010, the Power Supply Option Program (PSOP) for the Luzon grid was implemented, particularly in the franchise areas of distribution utilities that have volunteered participation in said program. Under the PSOP, an eligible contestable customer, which is defined as an end-user with a monthly average peak demand of at least 1 MW for the preceding 12 months, will have the option to source their electricity from eligible suppliers that have secured a Retail Electricity Supplier (RES) license from the ERC. Eligible suppliers shall include the following:

- Generation companies that own, operate or control 30% or less of the installed generating capacity in a grid and/or 25% or less of the national installed capacity

- NPC-Independent Power Producers with respect to capacity which is not covered by contracts

- IPP Administrators with respect to the uncontracted energy which is subject to their administration and management

- RES duly licensed by the ERC

The PSOP will end upon the implementation of open access and retail competition, which will take effect once NPC is able to privatize 70% of its IPP contracts. All contracts entered into by entities participating in the PSOP shall be terminated. The industry participants, in accordance with the rules and policies of the open access scheme, shall enter into new contracts.

This development presents a big opportunity for AP, as it has two wholly owned subsidiaries, AESI and Advent Energy, Inc., that are licensed retail suppliers, which can enter into contracts with eligible contestable customers, both under the PSOP and the open access regime. Moreover, AP's generation assets that have uncontracted capacity will be able to have direct access to eligible contestable customers through AP's licensed RES. These assets are the Magat, Ambuklao and Binga hydropower plants, Tiwi-Makban geothermal facilities, and the Pagbilao coal plant, via its IPPA contract. However, some of these plants have transition supply contracts with Meralco, a participating entity under the PSOP. Any capacity that will be contracted through the PSOP with existing Meralco customers could result to volume reductions in these generation assets' transition supply contracts.

Capital-Raising Activities

On 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 billion. The Philippine Rating Services Corporation (PhilRatings) issued a "PRS Aaa" rating for this bond issue in February 2009. Obligations rated "PRS Aaa", the highest possible rating by PhilRatings, are of the highest quality with minimal credit risk – an indication of the extremely strong capacity of the obligor to meet its financial commitment on the obligation.

On September 18, 2009, AP signed a Notes Facility Agreement with First Metro Investment Corporation as issue manager, Metropolitan Bank & Trust Company-Trust Banking Group as notes facility agent and a consortium of primary institutional lenders for the issuance of 5-year peso-denominated corporate fixed rate notes in the aggregate amount of ₱5 billion. The notes were issued in September 2009 in a private placement to not more than 19 primary institutional investors pursuant to Section 9.2 of the Securities Regulation Code (SRC) and Rule 9.2(2)(B) of the SRC Rules.

On May 14, 2010 AEV signed a Notes Facility Agreement with a consortium of primary institutional lenders, with First Metro Investment Corporation as the Arranger and Metropolitan Bank & Trust Company - Trust Banking Group as the Notes Facility Agent. The Notes Facility Agreement provides for the issuance of 6-year peso-denominated corporate fixed rate notes ("Notes") in the principal aggregate amount of up to ₱2.5 billion in a private placement to not more than 19 institutional investors pursuant to Section 9.2 of the Securities Regulation Code (SRC) and Rule 9.2(2)(B) of the SRC Rules. AEV expects to issue the Notes before the end of May 2010. The proceeds of the Notes issuance will be used to fund AEV'S investments in various projects, including capital expenditures and acquisitions.

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, re-deploy 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 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 containment efforts and improvements in its business processes.

In October 2009, UBP issued 10-year unsecured subordinated notes eligible as Lower Tier 2 capital, bringing in fresh, long-term funds to its capital base. The bank capped its offering at ₱3.75 billion, following its strong performance for the first nine months of 2009. Its stronger balance sheet provides cushion for trading and lending risks. Capital adequacy ratio further strengthened to 16.1% as of end-2009 from 12.9% in 2008, which was above the minimum requirement of 10%. UBP made a ₱2 billion provision for impairment losses in 2009, which resulted to loan loss reserves of 103% at end-2009, versus end-2008's 86%.

CSB will continue to strengthen its market position in its present niche by further improving its products and services. Improvements in its systems to enhance operating efficiency will continue to be pursued to ensure customer satisfaction. Other government employees, aside from public school teachers, and private company employees will also 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 billion via private placement to primary institutional lenders. Proceeds of the issuance had been utilized to augment the bank's long-term funding base and support its long-term asset growth objectives.

On March 10, 2010, the AEV Board of Directors approved the proposal to acquire up to 60% ownership of CSB, with the remaining 40% equity to be acquired by Pilmico. AEV currently owns approximately 34% of CSB. The combined purchase by AEV and Pilmico is valued at approximately ₱1.36 billion. The planned acquisition is also conditional upon AEV's obtaining the necessary Monetary Board approval for the transaction.

Food Manufacturing

As its new feedmill in Iligan is nearing full utilization, Pilmico plans to expand its capacity by adding another production line. Once completed and operational, total capacity is seen to increase by 94%. Construction is expected to commence by first half of 2010, with completion and commercial operations targeted by June 2010 and July 2010, respectively.

The company is in the process of completing the documentation for the ISO certification of its Iligan feedmill. It aims to obtain said certification by 2011. The same is being done for the PANC Tarlac feedmill. PANC is a wholly owned subsidiary of Pilmico.

For its swine business, PANC's third grower-finisher farm in Capas, Tarlac is expected to commence commercial operations by the second quarter of 2010. This will increase the capacity of company-owned farms by 60%. PANC is evaluating the construction of a fourth grower-finisher farm, which is expected to further increase total capacity by another 38%.

The construction of PANC's biogas system for its Tarlac farms has been completed and is currently undergoing test runs. Once operational, PANC expects to make its farms' operations almost power self-sufficient with the conversion of hog waste to electricity.

Transport

ATS continues to keep its position as a leading provider of integrated transport and supply chain solutions in the country. It aims to keep its position by having a strong balance sheet. In 2009, it funded all its capital expenditures internally. It purchased various container ships, fast crafts and ropax vessels with minimal increase in debt.

ATS will proceed with the rationalization and refleeting of its assets to increase operating efficiencies and improve earning capacity. Last year, it sold one of its ropax vessels, Lady of Medjugorje, and a passenger fast craft, while adding Cebu Ferries 2 (with 40 TEUs and 892 pax capacity), two fast craft vessels (with 310 pax capacity each) and two container ships (with freighter capacity of 1,048 TEUs each). In February 2010, ATS purchased two new ropax vessels with a total capacity of 400 TEUs and 2,000 passengers.

Its passenger business will continue to move forward with its low-cost carrier business model, enabling it to compete effectively with low-cost airlines. Moreover, Supercat's operations were expanded via the servicing of new routes, e.g. Bacolod/Iloilo.

Focus will remain on building the ATS's value-added business.

In 2009, 100%-owned Aboitiz One, Inc. formed a joint venture with Kerry Logistics Network Limited of Hong Kong (KLN) for an international freight forwarding business. KLN is the leading Asia-based provider of logistics services and supply chain solutions. It operates in over 300 cities globally, 23 countries worldwide and serves over 127 cities throughout mainland China. The joint venture company, Kerry-Aboitiz Logistics, Inc. (KALI), aims to offer innovative, cost-effective and reliable services on international air and sea freight and cargo forwarding, cargo consolidation and as a breakbulk agent. With the global clout of KLN and the domestic dominance of ATS, KALI is poised to provide better service to its clients.

Aboitiz Jebsen Bulk Transport Corporation (Abojeb) currently stands as one of the largest manning agents in the Philippines with more than 8,000 crew in the pool and more than 5,000 crew onboard the more than 340 ships the company is presently manning. Ship management has presently 26 ships under full ship management and the strategy is to expand this activity further.

ATS will continue to strengthen its team and organization, keeping its people and systems flexible. ATS today is leaner and more prepared than ever to take on challenges and opportunities that will come its way.

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	MAY 14 2010
Corporate Secretary	M. JASMINE S. OPORTO
Signature and Title	First Vice President - Chief Legal Officer/ Corporate Secretary/Chief Compliance Officer
Date	MAY 14 2010

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AT MARCH 31, 2010 AND DECEMBER 31, 2009
(Amounts in Thousands)

	UNAUDITED MAR 2010	AUDITED DEC 2009
ASSETS		
Current Assets		
Cash and cash equivalents	**5,723,525**	5,582,228
Trade and other receivables - net	**13,981,451**	7,634,835
Current portion of derivative asset	**-**	846
Inventories - net	**3,704,047**	3,268,720
Other current assets	**2,269,672**	1,918,068
Total Current Assets	**25,678,695**	**18,404,697**
Noncurrent Assets		
Property, plant, and equipment - net	**82,844,267**	80,564,992
Intangible asset - service concession right	**892,943**	882,308
Investment properties - net	**306,611**	306,611
Investments and advances	**40,148,475**	38,568,422
Available-for-sale (AFS) investments	**85,113**	84,935
Goodwill	**1,812,915**	1,812,783
Pension asset	**105,507**	105,507
Deferred income tax assets	**605,295**	514,530
Other noncurrent assets - net	**2,075,727**	2,036,023
Total Noncurrent Assets	**128,876,853**	124,876,111
TOTAL ASSETS	**154,555,548**	143,280,808
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	**8,836,405**	9,035,038
Trade and other payables	**13,077,780**	10,745,734
Current portion of derivative liability	**3,726**	16,476
Dividends payable	**8,681**	38,711
Income tax payable	**415,457**	457,223
Current portion of long-term debt	**477,180**	722,867
Current portion of obligations under finance lease	**3,374,956**	2,277,216
Current portion of obligations on Power Distribution System	**40,000**	40,000
Current portion of payable to preferred shareholder of a subsidiary	**3,449**	11,263
Total Current Liabilities	**26,237,634**	**23,344,528**
Noncurrent Liabilities		
Long-term debt - net of current portion	**18,961,148**	18,223,835
Redeemable preferred shares	**1,520,176**	1,520,176
Obligations under finance lease - net of current portion	**42,571,529**	43,340,516
Obligations on Power Distribution System - net of current portion	**256,235**	247,460
Customers' deposits	**1,842,919**	1,786,681
Payable to preferred shareholder of a subsidiary	**58,463**	76,767
Pension liability	**77,741**	55,631
Deferred income tax liability	**286,998**	43,003
Total Noncurrent Liabilities	**65,575,209**	65,294,069
Total Liabilities	**91,812,843**	88,638,597
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	**15,800**	15,647
Cumulative translation adjustments	**3,844**	(1,302)
Share in cumulative translation adjustments of associates	**54,733**	88,118
Share in net unrealized gains (losses) on AFS investments and underwriting accounts of associates	**90,000**	(64,734)
Gain on dilution	**5,376,176**	5,376,176
Acquisition of minority interest	**(500,177)**	(500,177)
Retained earnings	**35,839,150**	29,592,607
Treasury stock at cost	**(1,295,163)**	(1,295,163)
	51,070,287	44,697,096
Minority Interests	**11,672,418**	9,945,115
Total Equity	**62,742,705**	54,642,211
TOTAL LIABILITIES AND EQUITY	**154,555,548**	143,280,808

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2010 AND 2009
(Amounts in Thousands)
(UNAUDITED)

	JAN-MAR/10	JAN-MAR/09
REVENUES	**22,744,076**	8,448,809
COSTS AND EXPENSES	**14,319,279**	7,812,749
GROSS PROFIT	**8,424,797**	636,060
OTHER INCOME (CHARGES)		
Share in net earnings of associates	**952,273**	423,608
Interest income	**25,980**	232,347
Interest expense	**(1,673,017)**	(273,373)
Dividends on redeemable preferred	**(31,649)**	(42,907)
Other income	**670,428**	793,196
	(55,985)	1,132,871
INCOME BEFORE INCOME TAX	**8,368,812**	1,768,931
PROVISION FOR INCOME TAX	**384,360**	200,368
NET INCOME	**7,984,452**	1,568,563
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE PARENT	**6,246,543**	1,415,365
MINORITY INTERESTS	**1,737,909**	153,198
	7,984,452	1,568,563
Earnings Per Common Share **		
Basic, for income for the period attributable to ordinary holders of the parent	**1.131**	0.254
Diluted, for income for the period attributable to ordinary holders of the parent	**1.131**	0.254

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

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS MARCH 31, 2010 AND 2009
(Amounts in Thousands)
(UNAUDITED)

	JAN-MAR/10	JAN-MAR/09
Profit for the period attributable to:		
Equity holders of the parent	**6,246,543**	1,415,365
Minority interests	**1,737,909**	153,198
Profit for the period	**7,984,452**	1,568,563
Other comprehensive income:		
Net unrealized losses on AFS investments	**(5,835)**	(5,247)
Exchange differences on translating foreign-denominated transactions	**5,481**	(2,320)
Share in movement in unrealized valuation gains on AFS investments of an associate	**154,734**	298,421
Share of other comprehensive income (loss) of associates	**(35,477)**	34,725
Other comprehensive income for the period, net of tax (Schedules A & B)	**118,903**	325,579
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**8,103,355**	1,894,142
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	**6,373,190**	1,737,411
Non-controlling interests	**1,730,165**	156,731
	8,103,355	1,894,142

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2010 AND 2009
(Amounts in Thousands)
(UNAUDITED)

	JAN-MAR/10	JAN-MAR/09
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	**8,368,812**	1,768,931
Adjustments for:		
Share in net earnings of associates	**(952,273)**	(423,608)
Depreciation and amortization	**1,031,089**	455,856
Interest income	**(25,980)**	(232,347)
Interest expense	**1,704,666**	316,281
Dividend income	**(82)**	(22)
Provision for impairment loss on receivables	**3,113**	
Unrealized fair valuation gains on derivatives	**(11,904)**	
Provision for decline in value of assets other than AR, investments & project costs	**5,652**	
Provision for retirement benefits	**767**	1,047
Reversal of provision for impairment of goodwill on investments & of investments		(574,789)
Unrealized foreign exchange loss (gain)	**(751,505)**	65,260
Gain on sale of property, plant & equipment	**(4,719)**	(9,622)
Operating income before working capital changes	**9,367,637**	1,366,987
Changes in:		
Decrease (increase) in operating current assets	**(7,167,990)**	322,661
Increase in operating current liabilities	**2,372,390**	1,675,594
Cash provided by operations	**4,572,037**	3,365,242
Income and final taxes paid	**(293,041)**	(171,899)
Net cash provided by operating activities	**4,278,996**	3,193,343
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends received	**180,119**	4,720
Interest received	**40,502**	219,289
Additions to investments	**(690,630)**	(307,073)
Collections of (Payments for) advances to associates	**1,445**	(954,818)
Acquisitions of property, plant and equipment - net	**(3,299,540)**	(768,876)
Acquisitions of available for sale investments	**(25)**	(459)
Increase in intangible assets	**(22,392)**	(18,143)
Decrease in other assets	**15,924**	44,638
Net cash used in investing activities	**(3,774,597)**	(1,780,722)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from loans payable	**(198,634)**	(2,430,510)
Proceeds from long-term debt	**500,401**	115,365
Payments of finance lease obligation	**(296,817)**	
Payments of payable to preferred shareholders of a subsidiary	**(26,118)**	(16,406)
Interest paid	**(549,495)**	(389,756)
Cash dividends paid	**-**	(1,505,234)
Decrease in minority interest	**(207)**	(316,184)
Re-issuance of treasury shares	**-**	3
Net cash used in financing activities	**(570,870)**	(4,542,722)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(66,471)**	(3,130,101)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	**207,768**	(65,260)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**5,582,228**	16,037,473
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	**5,723,525**	**12,842,112**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2010 AND DECEMBER 31, 2009

	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	Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate	Equity Balances of Disposal Group	Gain on Dilution	Acquisition of Minority Interest	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total
Balances at December 31, 2009	**5,694,600**	**-**	**5,791,324**	**15,647**	**(1,302)**	**88,118**	**(64,734)**	**-**	**5,376,176**	**(500,177)**	**29,592,607**	**(1,295,163)**	**44,697,096**	**9,945,115**	**54,642,211**
Changes in equity for Jan-Mar 2010:															
Acquisition of minority interest													-	1	1
Changes in minority interest													-	(2,863)	(2,863)
Total comprehensive income for the year	-	-	-	153	5,146	(33,385)	154,734	-	-	-	6,246,543	-	6,373,191	1,730,165	8,103,356
Balances at March 31, 2010	**5,694,600**	**-**	**5,791,324**	**15,800**	**3,844**	**54,733**	**90,000**	**-**	**5,376,176**	**(500,177)**	**35,839,150**	**(1,295,163)**	**51,070,287**	**11,672,418**	**62,742,705**

	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	Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate	Equity Balances of Disposal Group	Gain on Dilution	Acquisition of Minority Interest	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total
Balances at December 31, 2008, as previously stated	**5,694,600**		**5,791,324**	**3,496**	**1,444**	**(14,007)**	**(304,420)**	**422**	**5,023,252**	**(361,446)**	**22,790,971**	**(830,657)**	**37,794,979**	**8,860,621**	**46,655,600**
Re-presentation of reserve of disposal group						529	4,342	(422)		(4,449)			0		0
Balances at December 31, 2008, as restated	**5,694,600**	**-**	**5,791,324**	**3,496**	**1,444**	**(13,478)**	**(300,078)**	**-**	**5,023,252**	**(365,895)**	**22,790,971**	**(830,657)**	**37,794,979**	**8,860,621**	**46,655,600**
Changes in equity for Jan-Dec 2009:															
Purchase of treasury shares												(464,506)	(464,506)		(464,506)
Gain on Dilution									352,924				352,924		352,924
Acquisition of minority interest										(134,282)			(134,282)	128,522	(5,760)
Cash dividends											(1,505,234)		(1,505,234)		(1,505,234)
Changes in minority interest													-	(710,560)	(710,560)
Total comprehensive income for the year	-	-	-	12,151	(2,746)	101,596	235,344	-	0	-	8,306,871	-	8,653,215	1,666,532	10,319,747
Balances at December 31, 2009	**5,694,600**	**-**	**5,791,324**	**15,647**	**(1,302)**	**88,118**	**(64,734)**	**-**	**5,376,176**	**(500,177)**	**29,592,606**	**(1,295,163)**	**44,697,096**	**9,945,115**	**54,642,211**

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

	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	Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate	Equity Balances of Disposal Group	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**	**(14,007)**	**(304,420)**	**422**	**5,023,252**	**(361,445)**	**22,790,971**	**(830,657)**	**37,794,979**	**8,860,621**	**46,655,600**
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)	329,064	-	-	0	-	1,415,365	-	1,737,411	156,731	1,894,143
Balances at March 31, 2009	**5,694,600**	**-**	**5,791,324**	**2,761**	**(4,839)**	**315,057**	**(304,420)**	**422**	**5,023,252**	**(393,830)**	**22,701,102**	**(830,654)**	**37,994,774**	**8,665,250**	**46,660,024**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
FINANCIAL STATEMENT SCHEDULES AND DISCLOSURES
AT MARCH 31, 2010 AND DECEMBER 31, 2009
(peso amounts in thousands)

A. COMPONENTS OF OTHER COMPREHENSIVE INCOME

		JAN-MAR/10		JAN-MAR/09
Available-for-sale financial assets:				
Net unrealized losses arising during the year	**(5,835)**		(5,247)	
Less: Reclassification adjustments for losses included in profit or loss	-	**(5,835)**	**-**	(5,247)
Exchange differences on translating foreign-denominated transactions		**5,481**		(2,320)
Share in movement in unrealized valuation gains on AFS investments of an associate		**154,734**		298,421
Share in movement in cumulative translation adjustments of associates		**(35,477)**		34,725
Other comprehensive income		**118,903**		325,579
Income tax relating to components of other comprehensive income		**-**		-
Other comprehensive income for the period		**118,903**		325,579

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

		JAN-MAR/10				JAN-MAR/09
	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	**(5,835)**	**-**	**(5,835)**	(5,247)	-	(5,247)
Exchange differences on translating foreign-denominated transactions	**5,481**	**-**	**5,481**	(2,320)	-	(2,320)
Share in movement in unrealized valuation gains on AFS investments of an associate	**154,734**	**-**	**154,734**	298,421	-	298,421
Share in movement in cumulative translation adjustments of associates	**(35,477)**	**-**	**(35,477)**	34,725	-	34,725
Other comprehensive income for the period	**118,903**	**-**	**118,903**	325,579	-	325,579

C. INVESTMENTS AND ADVANCES

	% OWNERSHIP 2010	MAR 2010	DEC 2009
Investments in shares of stock			
At equity			
Acquisition cost:			
Union Bank of the Philippines	38.66%	**4,507,737**	4,507,737
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.	46.73%	**858,070**	858,070
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.	55.18%	**657,123**	657,113
Manila Oslo Renewable Enterprise, Inc.	83.33%	**8,322,226**	7,658,087
East Asia Utilities Corporation	50.00%	**1,009,143**	1,009,143
STEAG State Power Inc.	34.00%	**4,400,611**	4,400,611
Redondo Peninsula Energy Corporation	50.00%	**5,000**	5,000
Cebu Energy Development Corp.	44.00%	**2,438,621**	2,438,621
Adventenergy, Inc.	100.00%	**-**	625
City Savings Bank	35.78%	**105,482**	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
SNAP-Pangasinan, Inc.	50.00%	**4,732**	4,732
Aboitiz Projects TS Corp.	50.00%	**1,888**	1,888
MCCP Philippines	33.00%	**16,500**	16,500
Hapag-Lloyd Philippines, Inc.	15.00%	**1,800**	1,800
Jade Ocean Ship Management, Inc.	50.00%	**3,600**	3,600
JAIB, Inc.	49.00%	**1,884**	1,884
Balance at end of period		**25,178,196**	24,488,191
Accumulated equity in net earnings:			
Balance, beginning of year		**12,238,895**	9,048,866
Share in net earnings for the year		**952,273**	4,321,679
Acquisition of minority interest		**-**	(5,969)
Cash dividends received		**(180,037)**	(1,125,681)
Balance, end of period		**13,011,131**	12,238,895
Gain on dilution		**1,014,136**	1,014,136
Share in net unrealized losses on available-for-sale securities & underwriting accounts of an associate		**90,000**	(64,734)
Share in cumulative translation adjustments of associates		**80,282**	115,759
		39,373,745	37,792,247
Allowance for impairment losses		**(28,995)**	(28,995)
Investments, at equity		**39,344,750**	37,763,252
Advances to investees		**803,725**	805,170
		40,148,475	**38,568,422**

D. ACCOUNTS PAYABLE & ACCRUED EXPENSES

Trade	5,626,456
DOSRI	-
Others	7,451,324
TOTAL	**13,077,780**

E. SHORT-TERM LOANS

	Effective Interest Rate	MAR 2010	DEC 2009
Financial institutions - unsecured:			
Peso loans	4% - 7.8%	**7,970,428**	5,179,648
US dollar loans	1.75% - 4.75%	**865,977**	3,855,390
		8,836,405	9,035,038

F. LONG-TERM LOANS

	Effective Interest Rate	MAR 2010	DEC 2009
Company:			
Financial institutions - unsecured			
Peso denominated loans	5.01% - 5.06%	**1,735,063**	1,975,000
Non-financial institutions		**-**	-
		1,735,063	1,975,000
Subsidiaries:			
AP and subsidiaries:			
AP Parent			
Financial and non-institutions - unsecured			
Fixed rate notes	8.78%	**3,330,000**	3,336,246
Fixed rate notes	9.33%	**554,400**	548,153
Fixed rate notes	8.23%	**5,000,000**	5,000,000
Retail Bonds			
5 year bonds	8.70%	**2,294,420**	2,294,420
3 year bonds	8.00%	**705,580**	705,580
CPPC			
Financial institution	6.68%	**800,000**	-
HEDCOR, INC.			
Financial institution - secured	8.36%	**581,400**	613,700
HEDCOR SIBULAN, INC.			
Financial institutions - secured	8.52%	**3,570,000**	3,570,000
SEZC			
Financial institution - secured	8.26% - 10.02%	**325,500**	331,454
		17,161,300	16,399,553
Less deferred financing costs		**115,535**	147,018
		17,045,765	16,252,535
PILMICO and subsidiary:			
PILMICO			
Financial institutions - secured	5.65% - 5.67%	**457,500**	506,667
PANC			
Financial institution - secured	7.22%	**200,000**	212,500
		657,500	719,167
Total		**19,438,328**	18,946,702
Less: Current portion		**477,180**	722,867
		18,961,148	18,223,835

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

H. EARNINGS PER SHARE

Earnings per common share amounts were computed as follows:

	MAR 2010	MAR 2009
a. Net income attributable to equity holders of the parent	**6,246,543**	1,415,365
b. Average number of outstanding shares	**5,521,871,821**	5,574,942,121
c. Earnings per share (a/b)	**1.131**	0.254

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 2010	Jan-Mar 2009	**Jan-Mar 2010**	Jan-Mar 2009	**Jan-Mar 2010**	Jan-Mar 2009	**Jan-Mar 2010**	Jan-Mar 2009	**Jan-Mar 2010**	Jan-Mar 2009	**Jan-Mar 2010**	Jan-Mar 2009	**Jan-Mar 2010**	Jan-Mar 2009
REVENUES	**16,600,552**	2,894,952	-	-	**2,920,681**	2,622,932	**3,139,382**	2,853,278	**88,664**	103,830	**(5,203)**	(26,183)	**22,744,076**	8,448,809
RESULT														
Segment results	**8,116,725**	241,315	-	-	**494,087**	185,797	**(180,034)**	193,022	**(8,680)**	14,876	**2,699**	1,050	**8,424,797**	636,060
Unallocated corporate income (expenses)	**629,687**	57,816	-	-	**1,695**	(311)	**754**	28,210	**40,991**	708,532	**(2,699)**	(1,050)	**670,428**	793,197
INCOME FROM OPERATIONS													**9,095,225**	1,429,257
Interest Expense & Dividends on Redeemable Preferred	**(1,588,586)**	(178,905)	-	-	**(16,055)**	(17,875)	**(29,329)**	(24,793)	**(70,696)**	(94,708)	**-**	-	**(1,704,666)**	(316,281)
Interest Income	**11,838**	201,398	-	-	**970**	2,093	**1,595**	2,982	**11,577**	25,874	**-**	-	**25,980**	232,347
Share in net earnings of associates	**591,175**	189,453	**356,564**	231,772	**-**	-	**5,566**	1,983	**5,941,719**	528,575	**(5,942,751)**	(528,175)	**952,273**	423,608
Provision for Income tax	**(329,550)**	(115,456)	-	-	**(108,276)**	(31,738)	**74,419**	(52,057)	**(20,953)**	(1,117)	**-**	-	**(384,360)**	(200,368)
NET INCOME													**7,984,452**	1,568,563
OTHER INFORMATION	**Mar 2010**	Dec 2009	**Mar 2010**	Dec 2009	**Mar 2010**	Dec 2009	**Mar 2010**	Dec 2009	**Mar 2010**	Dec 2009	**Mar 2010**	Dec 2009	**Mar 2010**	Dec 2009
Segment assets	**16,973,420**	9,915,103	-	-	**2,718,859**	3,035,263	**5,588,188**	4,799,883	**398,228**	819,958	**-**	(165,509)	**25,678,695**	18,404,698
Investments and advances	**25,925,759**	24,896,238	**14,005,386**	13,467,608	**-**	-	**87,994**	74,208	**40,018,446**	34,106,955	**(39,889,110)**	(33,976,587)	**40,148,475**	38,568,421
Unallocated corporate assets	**77,962,796**	76,635,313	-	-	**2,243,992**	2,281,180	**6,868,452**	5,747,905	**1,092,691**	1,082,976	**560,447**	560,315	**88,728,378**	86,307,689
Consolidated total assets													**154,555,548**	143,280,808
Segment liabilities	**77,791,515**	75,862,419	-	-	**2,043,499**	2,863,846	**7,445,480**	5,427,097	**3,721,677**	4,066,398	**30,476**	(137,020)	**91,032,647**	88,082,740
Unallocated corporate liabilities	**530,211**	431,372	-	-	**175,663**	81,329	**61,686**	35,327	**12,636**	7,829	**-**	-	**780,196**	555,857
Consolidated total liabilities													**91,812,843**	88,638,597
	Jan-Mar 2010	Jan-Mar 2009	**Jan-Mar 2010**	Jan-Mar 2009	**Jan-Mar 2010**	Jan-Mar 2009	**Jan-Mar 2010**	Jan-Mar 2009	**Jan-Mar 2010**	Jan-Mar 2009	**Jan-Mar 2010**	Jan-Mar 2009	**Jan-Mar 2010**	Jan-Mar 2009
Depreciation	**686,131**	135,943	-	-	**45,895**	38,382	**280,019**	262,880	**19,044**	18,651	**-**	-	**1,031,089**	455,856

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, 2010, 7.83% of the Group’s long-term debt had floating interest rates ranging from 5.0% to 9.0%, and 92.17% are with fixed rates ranging from 6.75% to 10.02%. As of December 31, 2009, 5.43% of the Group’s long-term debt had floating interest rates ranging from 4.2% to 9.0%, and 94.57% are with fixed rates ranging from 6.75% to 10.02%.

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, 2010

	< 1 year	**1 - 5 years**	**> 5 years**	**Total**
Floating rate - long-term debt	139,313	1,417,750	-	**1,557,063**
Fixed rate - long-term debt	337,867	14,083,528	3,459,870	**17,881,265**
Payable to preferred shareholders of a subsidiary - floating	3,449	58,463	-	**61,912**
Redeemable preferred shares - fixed	-	1,520,176	-	**1,520,176**
Obligations under finance lease - floating	4,965	25,213	-	**30,178**
	485,594	17,105,130	3,459,870	**21,050,594**

As of December 31, 2009

	< 1 year	1 - 5 years	> 5 years	Total
Floating rate - long-term debt	383,000	616,000	-	999,000
Fixed rate - long-term debt	339,866	14,128,162	3,479,674	17,947,702
Payable to preferred shareholders of a subsidiary - floating	11,263	76,767		88,030
Redeemable preferred shares - fixed		1,520,176		1,520,176
Obligations under finance lease - floating	6,222	25,346		31,568
	740,351	16,366,451	3,479,674	20,586,476
Liabilities of Disposal Group				-
Liabilities of Continuing Operations Group	740,351	16,366,451	3,479,674	20,586,476

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 2010	MAR 2009
Long term debt	329,736	172,786
Bank loans	57,393	75,755
Customers' deposits	1,485	1,414
Obligations under finance lease	1,253,847	1,683
Obligations on PDS	8,775	8,911
Advances from related parties	21,781	12,824
	1,673,017	**273,373**

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, 2010 and 2009:

	Increase/decrease in basis points	Effect on income before tax
Mar 2010	100	(4,066)
	50	(2,033)
Mar 2009	100	(6,397)
	50	(3,199)

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, 2010 and December 31, 2009, foreign currency denominated borrowings account for 32.8% and 37.2%, respectively, of total consolidated borrowings.

	MARCH 31, 2010		DECEMBER 31, 2009	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Current Financial Assets				
Cash and cash equivalents	**5,778**	**261,009**	13,090	604,773
Trade and other receivables	**15,685**	**708,491**	7,420	342,804
Amounts owed by related parties	**3,332**	**150,456**	2,637	121,783
Restricted Cash	**12,130**	**547,929**	12,130	560,423
Total Financial Assets	**36,925**	**1,667,885**	35,277	1,629,783
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Current Financial Liabilities				
Bank loans	**19,498**	**880,702**	83,450	3,855,390
Trade and other payables	**11,356**	**512,951**	16,494	762,023
Advances from shipping principals	**0**	**-**	212	9,794
Amounts owed to a related party	**740**	**33,426**	607	28,043
Obligations under finance lease	**530,550**	**23,964,949**	522,138	24,122,776
Total Financial Liabilities	**562,144**	**25,392,028**	622,901	28,778,026
Net foreign currency denominated assets (liabilities)	**(525,219)**	**(23,724,143)**	(587,624)	(27,148,243)

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, 2010.

	Increase (decrease) in US dollar rate	Effect on income before income tax
US dollar denominated accounts	5%	(1,186,207)
US dollar denominated accounts	-5%	1,186,207

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

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

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

As of March 31, 2010 and December 31, 2009, the Group's exposure to equity price risk is minimal.

Credit risk. For its cash investments, AFS investments and receivables, the Group's credit risk pertains to possible default by the counterparty, with a maximum exposure equal to the carrying amount of these assets. With respect to cash and AFS investments, the risk is mitigated by the short-term and or liquid nature of its cash investments mainly in bank deposits and placements, which are placed with financial institutions of high credit standing. With respect to receivables, credit risk is controlled by the application of credit approval, limit and monitoring procedures. It is the Group's policy to enter into transactions with a diversity of credit-worthy parties to mitigate any significant concentration of credit risk. The Group ensures that sales are made to customers with appropriate credit history and has internal mechanism to monitor the granting of credit and management of credit exposures. 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, 2010 and December 31, 2009, the portion of the total long-term debt that debt will mature in less than one year is 5.6% and 3.31%, 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, 2010 based on contractual undiscounted principal 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	**8,836,405**	**8,836,405**	–	8,836,405	–	–
Long-term debt	**19,438,328**	**19,438,328**	–	477,180	15,501,278	3,459,870
Customers' deposits	**1,842,919**	**1,842,919**	–	5,542	22,988	1,814,389
Trade and other payables	**13,077,780**	**13,077,780**	–	13,077,780	–	–
Obligations under finance lease	**45,946,485**	**114,994,504**	–	1,123,005	28,574,364	85,297,135
Obligations on power distribution system	**296,235**	**720,000**	–	40,000	200,000	480,000
Payable to preferred shareholder of a subsidiary	**61,912**	**93,210**	–	31,070	62,140	-
Redeemable preferred shares	**1,520,176**	**1,520,176**	–	-	1,520,176	-
Total	**91,020,240**	**160,523,322**	**-**	**23,590,982**	**45,880,946**	**91,051,394**

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, 2010 and December 31, 2009.

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

Gearing ratios of the Group as of March 31, 2010 and December 31, 2009 are as follows:

	MAR 2010	**DEC 2009**
Bank Loans	8,836,405	9,035,038
Long - term debt	66,966,901	66,172,640
Temporary advances from (to) related parties	47,395	47,635
Cash and cash equivalents	(5,723,524)	(5,582,228)
Net Debt (a)	70,127,177	69,673,085
Equity attributable to equity holders of the parent	62,742,704	54,642,211
Equity and Net Debt (b)	132,869,881	124,315,296
Gearing Ratio (a/b)	**52.78%**	**56.05%**

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, 2010		DECEMBER 31, 2009	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets				
Cash				
Cash and cash equivalents	**5,723,525**	**5,723,525**	5,582,228	5,582,228
Restricted Cash	**560,423**	**560,423**	560,423	560,423
Loans and receivables				
Trade and other receivables	**13,981,451**	**13,981,451**	7,634,836	7,634,836
	20,265,399	**20,265,399**	13,777,487	13,777,487
AFS				
AFS investments	85,113	85,113	84,935	84,935
Derivative Asset	**0**	**0**	846	846
Total	**20,350,512**	**20,350,512**	13,863,268	13,863,268

	MARCH 31, 2010		DECEMBER 31, 2009	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial liabilities				
Other financial liabilities				
Bank loans	**8,836,405**	**8,836,405**	9,035,038	9,035,038
Trade and other payables	**13,077,780**	**13,077,780**	10,745,734	10,745,734
Derivative liability	**3,726**	**3,726**	16,476	16,476
Customers' deposits	**1,842,919**	**1,842,919**	1,786,681	1,786,681
Obligations on power distribution system	**296,235**	**300,591**	287,460	291,816
Obligations under finance leases				
Fixed rate	**45,916,307**	**52,010,452**	45,586,164	52,946,955
Floating rate	**30,178**	**30,178**	31,568	31,568
Long-term debt				
Fixed rate	**17,881,265**	**19,146,762**	17,947,702	19,157,644
Floating rate	**1,557,063**	**1,557,063**	999,000	999,000
Payable to preferred shareholder of a subsidiary (floating rate)	**61,912**	**61,912**	88,030	88,030
Redeemable preferred shares				
Fixed rate	**1,520,176**	**1,564,012**	1,520,176	1,562,837
Total	**91,023,966**	**98,431,800**	**88,044,029**	**96,661,779**

As of March 31, 2010 and December 31, 2009, the group does not have any investment in foreign securities nor has it issued any traded foreign-denominated 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

Basis of Preparation

The consolidated financial statements of the Group have been prepared on a historical cost basis, except for derivative financial instruments, AFS investments 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 accounting policies followed in the preparation of the interim financial statements are consistent with those of the previous financial year except for the following amended PFRS which the Group has adopted starting January 1, 2010:

Revised PFRS 3, *Business Combinations* , and Amendments to PAS 27, *Consolidated and Separate Financial Statements*

PFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results. PAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes in PFRS 3 (Revised) and PAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. PFRS 3 (Revised) will be applied prospectively

The provisions of the revised PFRS 3 will be complied with in the step acquisitions to be made by parent company in 2010. The revisions made under PAS 27 have no significant impact on the Group as its current manner of accounting for changes in its ownership interest of subsidiaries is already in compliance with this new accounting standard.

Amendments to PFRS 2, *Share-based Payments - Group Cash-settled Share-based Payment Transactions*

The amendments to PFRS 2, Share-based Payments, clarify the scope and the accounting for group cash-settled share-based payment transactions. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group as the Group has not entered into any such share-based payment transactions.

Amendment to PAS 39, *Financial Instruments: Recognition and Measurement - Eligible Hedged Items*

The amendment to PAS 39, Financial Instruments: Recognition and Measurement clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no significant impact on the financial position or performance of the Group.

Philippine Interpretations IFRIC 17, *Distributions of Non-Cash Assets to Owners*

This Interpretation provides guidance on how to account for non-cash distributions to owners. It clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability. The Group does not expect the Interpretation to have an impact on the consolidated financial statements.

Improvement to PFRS Effective 2010

The omnibus amendments to PFRS issued in 2009 were issued primarily with a view to removing inconsistencies and clarifying wording. The amendments are effective for annual periods beginning on or after January 1, 2010 except otherwise stated. The Group anticipates that these changes will have no material effect on the consolidated financial statements.

- PFRS 2, *Share-based Payments*

Clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of PFRS 2 even though they are out of scope of PFRS 3, Business Combinations (Revised).

- PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*

Clarifies that the disclosures required with respect to noncurrent assets and disposal groups classified as held for sale or discontinued operations are only those set out in PFRS 5. The disclosure requirements of other PFRS only apply if specifically required for such noncurrent assets or discontinued operations.

- PFRS 8, *Operating Segments*

Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

- PAS 1, *Presentation of Financial Statements*

Clarifies that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

- PAS 7, *Cash Flow Statements*

Explicitly states that only expenditure that results in a recognized asset can be classified as a cash flow from investing activities.

- PAS 17, *Leases*

Removes the specific guidance on classifying land as a lease. Prior to the amendment, leases of land were classified as operating leases. The amendment now requires that leases of land are classified as either “finance” or “operating” in accordance with the general principles of PAS 17. The amendments will be applied retrospectively.

- PAS 36, *Impairment of Assets PFRS 2, Share-based Payments*

Clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in PFRS 8 before aggregation for reporting purposes.

- PAS 38, *Intangible Assets*

Clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognize the group of intangible assets as a single asset provided the individual assets have similar useful lives. Also clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used.

- PAS 39, *Financial Instruments: Recognition and Measurement*

Clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract;

The scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken; and

Gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognized financial instruments should be reclassified in the period that the hedged forecast cash flows affect comprehensive income.

· Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*

Clarifies that it does not apply to possible reassessment at the date of acquisition, to embedded derivatives in contracts acquired in a business combination between entities or businesses under common control or the formation of joint venture.

· Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*

States that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of PAS 39 that relate to a net investment hedge are satisfied.

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.

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

3. Material Events and Changes

a. <u>AEV Dividend Declaration and Proposal to Acquire CSB</u>

On March 10, 2010, the BOD of the Company approved the declaration of a cash dividend of P0.52 a share (P=2.871 billion) to all stockholders of record as of March 24, 2010, payable on April 16, 2010.

In the same meeting, the BOD of the Company approved a proposal to acquire up to 60% ownership of its associate, CSB. PILMICO will also acquire the remaining 40% of the CSB equity. The planned acquisition, which is conditional upon the Company's obtaining the necessary Monetary Board approval, will effectively convert CSB into a subsidiary of the Company.

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.

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

ABOITIZ EQUITY VENTURES, INC. & SUBSIDIARIES

AGING OF RECEIVABLES

AS OF : MAR 31/2010

(amts in P000's)

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Transport Services	1,683,433	168,063	46,097	197,765	2,095,358
Power	6,507,450	1,794,578	324,227	94,742	8,720,997
Food Manufacturing	775,496	(5,036)	157	46,094	816,711
Holding and Others	20,510	1,102	9,625	753	31,990
	8,986,889	**1,958,707**	**380,106**	**339,354**	**11,665,056**
Insurance and Other Claims	127,137	75,592	(5,654)	28,085	225,160
Related Parties	642,681	7,092	22,470	478,674	1,150,917
Others	888,168	97,016	39,598	307,580	1,332,362
	10,644,875	**2,138,407**	**436,520**	**1,153,693**	**14,373,495**
Less Allowance for Doubtful Accounts					**392,044**
					13,981,451

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