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)

CATHERINE R. ATAY	(032) 411-1800
Contact Person	Company Telephone Number

1st Quarterly Report

Fiscal Year	FORM TYPE	Annual Meeting
12 31 (Month Day)	17-Q	05 16 (Month Day)

Secondary License Type, if Applicable

SEC	
Dept. Requiring this Doc	Amended Articles Number/Section

10,054	x	
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

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SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2012**

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	**₱85,372,640,000**

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 Aboitiz Equity Ventures, Inc. and its subsidiaries (the Company 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.

	JAN-MAR 2012	JAN-MAR 2011
EQUITY IN NET EARNINGS OF INVESTEES	**3,246,552**	1,655,446
EBITDA	**9,823,527**	8,623,356
CASH FLOW GENERATED:		
Net cash provided by operating activities	**7,933,399**	6,513,124
Net cash provided by (used in) investing activities	**(776,571)**	915,755
Net cash used in financing activities	**(1,837,915)**	(2,135,443)
Net Increase (Decrease) in Cash & Cash Equivalents	**5,318,913**	5,293,436
Cash & Cash Equivalents, Beginning	**29,543,492**	26,097,203
Cash & Cash Equivalents, End	**34,802,848**	31,381,274
	MAR 31/2012	**DEC 31/2011**
CURRENT RATIO	**3.49**	2.96
DEBT-TO-EQUITY RATIO	**1.06**	1.12

All the key performance indicators were within management's expectation during the period under review.

Management teams of the different businesses continued to effectively handle their respective operating performances and financial requirements. As a result, profitability had been sustained. This was reflected in the associates' income contributions and the Group's consolidated EBITDA which both registered double-digit growth. Higher EBITDA generated additional funds which were used to repay debt and finance capital expenditures. This further strengthened the financial position of the Group, as indicated by the improvement of the financial ratios at the first quarter-end of 2012.

Financial Results of Operations

For the quarter ended March 31, 2012, AEV and its subsidiaries posted a consolidated net income of ₱5.85 billion a 27% YoY increase, which translated to a ₱1.06 earnings per share. In terms of income contribution, power group still accounted for the lion’s share at 73%, followed by the banking and food groups at 23% and 4% each.

The Group generated a non-recurring net gain of ₱397 million (versus ₱347 million in 1Q2011), which comprised the following: (1) a ₱386 million net foreign exchange gain from the revaluation of dollar-denominated loans and placements; and (2) an ₱11 million gain from its power associates' preferred share redemption during the quarter. Sans one-off items, the Group's core net income for the current period amounted to ₱5.46 billion, up 28% YoY.

Power

Aboitiz Power Corporation (AP or AboitizPower) and its subsidiaries ended the current period with an income contribution of ₱4.3 billion, a 10% increase from last year's ₱3.9 billion.

AP's generation group posted a 4% YoY increase in earnings contribution to AEV, from ₱3.76 billion to ₱3.9 billion, attributed to the higher average selling prices and net generation recorded during the quarter under review. As compared to 1Q2011 levels, average selling prices rose by 5% as spot market prices improved due to curtailed supply resulting from higher plant outages and surge in demand for electricity in the Luzon Wholesale Electricity Spot Market (WESM). Likewise, the group's attributable net generation grew by 13%, from 2,168 GWh to 2,452 GWh, resulting from the 22% expansion of sales made through bilateral contracts. In terms of capacity, the group sold, on an attributable basis, 1,483 MW, up by 14% YoY, at the back of rising capacity sales through bilateral contracts and improved levels of ancillary services.

AP's distribution group likewise registered a 62% YoY rise in earnings contribution to AEV, from ₱347 million to ₱563 million. Driving this growth was the 7% YoY expansion in attributable electricity sales, from 889 GWh to 950 GWh, mainly coming from the 8% increase in the power consumption of industrial customers, with residential and commercial sectors also posting growth rates of 6% and 4%, respectively. Higher selling prices resulting from the implementation of the rate increase (under a Performance Based Regulation scheme) by certain distribution utilities also complemented the group's profit improvement.

Financial Services

Income contribution from the financial services group grew by 215%, from last year's ₱422 million to ₱1.33 billion. Union Bank of the Philippines (UBP or UnionBank) ended the current period with an earnings contribution of P1.23 billion, an increase of 285% YoY, while City Savings Bank, Inc.'s (CSB or CitySavings) share in earnings was ₱99 million, down 4% YoY.

UBP's 1Q2012 net income was higher at ₱2.84 billion (vs ₱708 million in 1Q2011) principally due to the 230% YoY increase (₱3.93 billion vs ₱1.19 billion) in its non-interest income attributed to hefty trading gains. This improvement more than made up for the 4% decline (₱1.59 billion vs ₱1.65 billion) in net interest income after impairment losses, as higher impairment loss provision more than offset the 1% growth in net interest income.

The 4% YoY decrease in CSB's net income, from ₱103 million to ₱99 million, was attributed mainly to the 27% increase of its operating expenses resulting from the implementation of its expansion program and various initiatives. This rise in expenses outpaced the 33% growth in interest income on loans and service fees, and resulted to the decline in operating margins.

Food

Income contribution from Pilmico Foods Corporation (PFC) and its subsidiaries amounted to ₱219 million, down 22% YoY. In the feeds division, higher input costs accounted for the 9% YoY decline in its net earnings. The decrease in average selling prices and sales volume and increase in input costs resulted in the swine business' negative income contribution. Partially offsetting these decreases was flour division's 12% YoY growth in bottomline, attributed to the 4% YoY improvement in both volume sales and gross margins.

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

For the first quarter of 2012, AEV's consolidated net income attributable to equity holders registered a 27% growth, reaching ₱5.85 billion from ₱4.60 billion posted in the same period last year.

Operating profit for the current period amounted to ₱5.46 billion, an 8% decline YoY, as increase in consolidated costs and expenses outpaced the rise in revenues.

Power subsidiaries reported a combined 7% YoY drop in operating margins resulting from the 33% surge in costs and expenses which surpassed the 17% growth in revenues. Consolidated revenues increased to ₱19.58 billion (vs ₱17.11 billion in 1Q2011) substantially due to higher average selling prices and GWh sold. For the generation subsidiaries, the expansion in revenues was due to improvement in spot market prices and increase in contracted sales. For the distribution subsidiaries, it was due to higher consumption by customers and better selling prices from the implementation of the rate increase under a Performance Based Regulation scheme. Meanwhile, consolidated costs and expenses rose to ₱14.12 billion (vs ₱11.15 billion in 1Q2011) mainly due to the increase in fuel costs of AP Renewables, Inc. (APRI), Therma Luzon, Inc. (TLI) and Therma Marine, Inc. (TMI).

Food group posted a 24% YoY decrease in operating margins as the ₱281 million increase in costs and expenses more than offset the ₱177 million rise in revenues. The 5% improvement in sales (₱3.72 billion vs ₱3.54 billion in 1Q2011) was attributed to higher average selling price and sales volume of the flour division. The 9% spike in costs (₱3.38 billion vs ₱3.1 billion in 1Q2011) was due to the increasing costs of raw materials in the feeds division and swine business.

CSB, the lone banking subsidiary, likewise registered an 18% YoY decrease in operating profit due to the 59% increase in its operating expenses resulting from the implementation of its expansion program and various initiatives. This rise in expenses offset the 27% growth in interest income on loans and service fees.

The ₱1.59 billion increase in the earnings contribution of associates, which more than made up for the ₱505 million dip in consolidated operating profit, pulled up the Group's over all profitability.

Share in net earnings of associates grew by 96% YoY (₱3.25 billion vs ₱1.66 billion in 1Q2011) due to the strong performance of UBP and the majority of the power associates. Bulk of the increase was coming from the substantial income contribution of UBP mainly due to huge trading gains recorded during the quarter in review. The improvement in the earnings of SN Aboitiz Power-Magat, Inc. (SNAP-Magat), Cebu Energy Development Corporation (CEDC) and Visayan Electric Company, Inc. (VECO) further boosted this growth. The spike in SNAP-Magat's bottomline was due to significant rise in its ancillary service revenues. Likewise, the upsurge in the income contributions of CEDC and VECO was attributed to higher revenues as CEDC's contracted sales increased and VECO's MWh sales expanded by almost 10%.

The growth in equity earnings was partially offset by the 6% YoY increase in net interest expense (₱1.75 billion vs ₱1.64 billion) mainly attributable to the higher accreted interest cost on TLI's finance lease obligation.

The increase in other income and decrease in income tax provision also enhanced the improvement in the Group's consolidated net income for the quarter in review. Other income rose by 107% substantially due to higher foreign exchange (FX) gains (₱518 million vs ₱233 million). This was the result of the restatement of the dollar-denominated debt of the power group under a higher appreciating peso scenario as of 1st quarter-end 2012, as compared to that of March 2011. As of March 31, 2012, foreign exchange (FX) rate for the US$ stood at ₱42.92 to a dollar, a ₱0.92 decline from the ₱43.84 rate as of the beginning of the year. This appreciation is higher compared to the ₱0.45 differential as of March 31, 2011 when FX rate was at ₱43.39, reckoned from the ₱43.84 rate as of the start of that year.

The 10% dip in provision for income tax (₱426 million vs ₱472 million) was mainly due to the lower taxable income of the majority of the subsidiaries.

The 13% rise in net income attributable to minority interests was mainly due to the increase in power group's net income, 23% of which belongs to minority shareholders.

AEV's consolidated comprehensive income attributable to equity holders correspondingly rose by 34%, from ₱3.94 billion in 1Q2011 to ₱5.29 billion in 1Q2012. This was attributed to the 27% increase in consolidated net income and the decrease in the share of an associate's valuation loss on its available-for-sale (AFS) investments.

Changes in Registrant's Resources, Liabilities and Shareholders Equity

Assets

Compared to year-end 2011 level, consolidated assets increased 3% to ₱207.89 billion as of March 31, 2012, due to the following:

a. Cash & Cash Equivalents increased by ₱5.26 billion mainly due to the excess cash generated from operations and cash dividend collections from associates, after the group spent for various capital expenditures and debt servicing.

b. Other Current Assets increased by 28% (₱2.83 billion vs ₱2.22 billion in December 2011) mainly due to the build-up of VAT inputs by power generation subsidiaries.

c. Investments in and Advances to Associates increased by ₱1.7 billion (₱50.47 billion vs ₱48.76 billion in Dec. 2011) mainly due to recording of ₱3.25 billion share in earnings of associates during the current period. This increase was partially reduced by the ₱637 million cash dividends received, the ₱515 million share of an associate's valuation loss on its AFS investments, and the ₱343 million proceeds from the preferred share redemption made by certain power associates.

d. Investment Properties increased by 18% YoY (₱402 million vs ₱341 million in December 2011) due to additional foreclosed properties recorded by CSB.

e. Deferred Income Tax Assets increased by 37% (₱368 million vs ₱269 million in December 2011) mainly due to the corresponding tax provision on the additional impairment losses provided for by certain power subsidiaries during the current period.

The above increases were tempered by the 17% YoY decline in Inventories resulting from lower inventory levels carried by power and food groups as of the end of 1st quarter 2012.

Liabilities

Consolidated short-term bank loans decreased by 31% (₱3.67 billion vs ₱5.3 billion in December 2011) while long-term liabilities increased by 2% (₱81.99 billion vs ₱80.74 billion in December 2011). The decline in short-term loans was mainly due to the prepayments made by power group using internally-generated funds. The upward movement in long term debt was mainly due to the ₱1 billion loan availment by CSB and the ₱608 million net increase in the finance lease obligation of TLI resulting from interest accretion, net of the monthly payments made and foreign exchange adjustments. Said increase was partially offset by the ₱378 million amortization payments on existing loans.

Trade and other payables and deposit liabilities were higher by 6%, from ₱17.14 billion to ₱18.1 billion, mainly due to the growth in CSB's depositors. The currently maturing portion of CSB's deposit liabilities is lodged under Trade Payables account. Of the ₱957 million increase, ₱1.65 billion could be attributed to the expansion of CSB's deposit liabilities, partially offset by the ₱91 million decrease in payables to suppliers of other subsidiaries.

Income tax payable inreased by 164%, from ₱223 million to ₱589 million, due to the recording of the additional income tax due for the current period.

Deferred income tax liabilities rose by ₱175 million mainly due to TLI's recognition of the corresponding income tax provision on the unrealized foreign exchange gains booked during period in review.

Equity

Equity attributable to equity holders of the parent grew by 6% from year-end 2011 level of ₱77.08 billion to ₱81.73 billion, mainly due to the ₱5.85 billion increase in Retained Earnings, resulting from the net income recorded during the current period. This increase was partially offset by the recognition of the following: (1) ₱507 million share in UBP's unrealized fair valuation loss on its AFS investments; (2) ₱61 million share of current translation adjustments recorded by power generation associates using US dollars as functional currency; and (3) ₱639 million acquisition of minority interest recognized by AEV parent in recording its additional purchase of AP shares.

Material Changes in Liquidity and Cash Reserves of Registrant

For the quarter ended March 2012, the group continued to support its liquidity mainly from cash generated from operations, additional loans availed, and dividends received from associates.

Compared to the cash inflow during the comparable quarter in 2011, consolidated cash generated from operating activities in 1Q2012 increased by ₱1.42 billion to ₱7.93 billion. This increase was largely a result of CSB's increase in its deposit liabilities.

The current period ended up with a ₱776 million net cash used in investing activities, compared to the ₱915 million generated during the comparable period last year. This was mainly due to lower cash dividends received from associates and the funds used to purchase additional AP shares by the Company during the current quarter.

Net cash used in financing activities was lower at ₱1.84 billion, compared to the ₱2.14 billion in 1Q2011. This decrease was substantially due to lower funds used in debt servicing during the current period.

For the period in review, net cash inflows surpassed cash outflows, resulting to an 18% increase in cash and cash equivalents, from ₱29.54 billion as of year-end 2011 to ₱34.8 billion as of first quarter-end 2012.

Financial Ratios

Backed by strong operating cash inflows, liquidity was adequately preserved. Cash and cash equivalents stood at ₱34.8 billion as of March 31, 2012, 18% higher than year end 2011 level, keeping current ratio at a high level of 3.49:1 (versus last year's 2.96:1). Likewise, debt-to-equity ratio improved, from 1.12:1 as of December 2011 to 1.06:1 as of March 2012, and net debt-to-equity ratio was also lower at 0.50x (versus year-end 2011's 0.59x), as the growth in equity surpassed the increase in consolidated liabilities.

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 2012. 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:

Power (Generation Business)

1. Continued growth in the Company's attributable capacity

76%-owned subsidiary AboitizPower ended the year with a 15% YoY expansion in its total attributable generating capacity, from 2,051 MW to 2,350 MW. The capacity growth was mainly due to the following:

- Assumption of full ownership and control of LHC

  In May 2011, AboitizPower's 100% owned ARI assumed full ownership and control of LHC after meeting all conditions set out in a Memorandum of Agreement with PHBI. PHBI, a wholly owned subsidiary of Pacific Pty Ltd of Australia is the joint venture partner of ARI in LHC, which owns and operates the 70 MW Bakun run-of-river hydropower plant in Ilocos Sur. As a result of having full control and ownership in LHC, an additional 35 MW of attributable capacity was added to AboitizPower's portfolio of generation assets.

- Acquisition of the 242 MW Navotas Power Barges

  In May 2011, Therma Mobile a wholly owned subsidiary of AboitizPower, acquired four (4) barge-mounted floating power plants including their respective operating facilities from Duracom Mobile Power Corporation and East Asia Diesel Power Corporation. Upon turnover, rehabilitation works commenced with completion by the fourth quarter of 2011 for 123 MW and the balance estimated within 2012.

- Completion of the rehabilitation project of the Ambuklao Hydro Power Facility

  In September 2011, SNAP-Benguet was awarded by the ERC a COC for the operation of the Ambuklao hydropower plant. The COC, which was approved on August 31, 2011, shall be effective for a period of five years. Upon the turnover of the facility by the PSALM to SNAP-Benguet in 2008, rehabilitation works were implemented on the Ambuklao hydrowpower facility. Its completion resulted to the increase in generation capacity, from 75 MW to 105 MW. AboitizPower has an effective stake of 50% in this facility.

- Partial completion of the rehabilitation of the Binga Hydro Power Plant

  Rehabilitation works on one of the units in the Binga hydropower facility was completed in the fourth quarter of 2011. As a result, total capacity of the Binga hydropower plant increased by 5 MW, from 100 MW to 105 MW. AboitizPower has an effective stake of 50% in this facility.

- Completion of the 4-MW Irisan Hydro Power Greenfield project

  AboitizPower's wholly owned subsidiary Hedcor completed the construction of the 4-MW Irisan hydropower plant in Tuba, Benguet. The plant was commissioned in September 2011.

  Moving forward, AboitizPower's attributable generation capacity is seen to further increase as the following events take place:

- Completion of the rehabilitation of the Binga Hydro Power Plant

  In 2011, AboitizPower, together with its partner SN Power, commenced the programmed rehabilitation of the 100 MW Binga hydropower plant, which is consisted of four units with a capacity of 25 MW each. To date, the program involves the rehabilitation of three units, given the completion of the works done on the first unit in December 2011. Works on the second unit have commenced and are expected to be completed in June 2012. Rehabilitation of the remaining two units will commence thereafter. Full completion will result to Binga's total capacity reaching 120 MW, from the current 105 MW. AboitizPower has an effective stake of 50% in this facility.

- Completion of the rehabilitation of the Tiwi-Makban Geothermal Power Facilities

  100%-owned APRI is currently undertaking the rehabilitation of several units of the Tiwi-Makban geothermal power plant complex. Works on the Tiwi facilities are targeted for completion by the third quarter of 2012, while those for Makban are seen to be finished by first quarter of 2013. Enhancements in the plants' availability rate are expected following the completion of the refurbishment, rehabilitation and resource improvements.

- Greenfield and Brownfield developments

  600 MW Coal-fired Power Plant in Subic. This is a project by RP Energy, a joint venture company formed by AboitizPower's wholly owned subsidiary TPI and TCIC. In June 2011, Meralco's wholly owned subsidiary, Meralco PowerGen Corporation (MPGC), announced its decision to acquire an ownership interest in the project. On July 22, 2011, MPGC, TPI and TCIC signed a shareholder agreement under which MPGC took a controlling interest in RP Energy, with TPI and TCIC owning the remaining stake equally. The project involves the construction and operation of a 2x300 MW circulating-fluidized-bed coal-fired power plant in the Subic Bay Freeport Zone. In January 2012, RP Energy submitted to the DENR an application to amend the existing ECC to cover two high-efficiency 300-MW units with main steam reheat systems. Site preparation and the finalization of the EPC contract are anticipated to take place in the second quarter of 2012. Completion of the first unit is targeted by the second half of 2015, with the second unit to follow 6 months thereafter.

300 MW Coal-fired Power Plant in Davao. AboitizPower, through 100%-owned subsidiary TSI, is planning to put up a 2x150 MW coal-fired power plant in Davao, which is the biggest load center in the island of Mindanao. TSI acquired the project site in August 2011. The DENR issued the ECC for the project on September 9, 2011. The company is currently in the process of obtaining all necessary permits and government clearances in addition to the ECC. Once done, construction will commence immediately. The first generating unit (150 MW) is expected to be completed 34 months after, with the second unit (150 MW) to follow in 3 months.

400 MW Coal-fired Power Plant in Pagbilao, Quezon. On September 27, 2011, AboitizPower signed a Memorandum of Understanding with Marubeni Corporation (Marubeni) to formalize their intention to jointly develop, construct and operate a coal-fired power plant with a capacity of approximately 400 MW. The proposed location will be within the premises of the existing 700 MW Pagbilao Unit I and II Coal Fired Thermal Power Plant in Quezon. The terms and conditions of the joint investment will be finalized in a definitive agreement to be agreed upon by the parties. Marubeni is part-owner of Team Energy Corporation, which owns and operates the Pagbilao Power Plant under a build-operate-transfer contract with the National Power Corporation. On the other hand, AboitizPower, through wholly owned subsidiary TLI is the Independent Power Producer Administrator of the Pagbilao Power Plant under the IPP Administration Agreement with PSALM.

150 MW Coal-fired Power Plant in Misamis Oriental. On June 28, 2010, AboitizPower and its partners in STEAG State Power, Inc., owner of the 232 MW coal plant located at the Phividec Industrial Estate in Villanueva, Misamis Oriental, firmed up their collective intention to develop a third unit of approximately 150 MW capacity adjacent to the existing facility. AboitizPower and its partners agreed to maintain their shareholdings in the same proportions in the new corporation to be established for the planned additional capacity. Certain essential facilities, such as the jetty, coal handling facilities and stockyards and the 138-kV interconnection with the Mindanao Grid are to be shared with the existing facilities. Depending on the interest the market demonstrates, the agreement contemplates the possibility of putting up another unit.

13.7 MW Tudaya 1 and 2 Hydro Power Plant Project. AboitizPower's wholly owned subsidiary Hedcor Tudaya will implement a Greenfield project involving the construction of run-of-river power plants to be located in the upper and downstream sections of the existing Sibulan hydro power plants, tapping the same water resource, which are the Sibulan and Baroring rivers. The two plants will have a combined capacity of 16 MW. The project has been issued its ECC and endorsed by the local communities. Hedcor Tudaya is currently working in obtaining the water permits and awaiting finalization of its RE contract. Target groundbreaking is by May 2012. Construction is estimated to be completed in 22 months.

13.2 MW Sabangan Hydro Power Plant Project. This involves the construction and operation of a hydropower plant facility in Mt. Province, a province located in Northern Luzon. This project will be undertaken by a wholly owned subsidiary of AboitizPower, Hedcor Sabangan, Inc. The project was already granted an ECC by the DENR. Engineering and design are underway. Groundbreaking is targeted in the fourth quarter of 2012, with completion expected after a 2-year construction period.

11.5 MW Hedcor Tamugan Hydro Power Plant Project. In 2010, AboitizPower's wholly owned subsidiary, Hedcor Tamugan, has reached an agreement with the Davao City Water District on the use of the Tamugan river. Originally planned as a 27.5 MW run-of-river facility, Hedcor Tamugan submitted a new proposal, which involves the construction of an 11.5 MW hydropower plant. Hedcor Tamugan is waiting for the Davao City council to approve the project. Once approval and permits are secured, the two-year construction period will commence. Other Greenfield and Brownfield developments. AboitizPower, together with its subsidiaries and associate company, is conducting feasibility studies for potential Greenfield and Brownfield projects.

- The SN Aboitiz Power Group (SNAP Group) is in the process of evaluating several hydropower plant projects. A Brownfield project is being evaluated for its Magat hydropower plant, which involves the construction of a pumped storage facility that could potentially increase its capacity by at least 90 MW. The SNAP Group is likewise evaluating several Greenfield hydropower plant projects that have at least 70 MW of potential capacity each.

- Hedcor is conducting feasibility studies for potential hydropower projects located in both Luzon and Mindanao. Based on current findings, Hedcor sees the potential of building plants with capacities ranging from 5 MW to 50 MW. When the projects pass the evaluation stage and once permits are secured, the two-year construction period for the hydropower plant facilities will commence.

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

AboitizPower continues to closely evaluate the investment viability of the remaining power generation assets that PSALM intends to auction off.

AboitizPower is also keen on participating in PSALM's public auction for the Independent Power Producer (IPP) Administrator contracts, which involves the transfer of the management and control of total energy output of power plants under contract with NPC to the IPP administrators.

Distribution Business

AboitizPower 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 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.

Cotabato Light's 4-year regulatory period commenced on April 1, 2009 and ends on March 31, 2013. The company is currently in its third year of its regulatory period. Cotabato Light is the first distribution utility in the AboitizPower group to implement this incentive-based scheme.

VECO and Davao Light are part of the third group (Group C) of private distribution utilities that shifted to PBR, which implemented their approved rate structures in August 2010. Both companies implemented their approved rates for the second year of its regulatory period in August 2011.

SFELAPCO and SEZ are part of the fourth batch (Group D) of private distribution utilities to enter PBR. In July 2011, the ERC released the final determination on the applications for annual revenue requirements and performance incentive schemes for the regulatory period October 2011 to September 2015. Implementation of the approved rate structures of SEZ and SFELAPCO took place in January 2012 and March 2012, respectively. All under-recoveries since October 2011 are allowed to be recouped in the next regulatory year.

Market and Industry Developments

Open Access and Retail Competition (Open Access)

Per EPIRA, the conditions for the commencement of the Open Access and Retail Competition are as follows:

- (a) Establishment of the WESM;
- (b) Approval of unbundled transmission and distribution wheeling charges;
- (c) Initial implementation of the cross subsidy removal scheme;
- (d) Privatization of at least 70% of the total capacity of generating assets of NPC in Luzon and Visayas; and
- (e) Transfer of the management and control of at least 70% of the total energy output of power plants under contract with NPC to the IPP administrators.

Under Open Access and Retail Competition, 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 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
- Retail Electricity Suppliers (RES) duly licensed by the ERC

The implementation of Open Access presents a big opportunity for AboitizPower, as it has two wholly owned subsidiaries (i.e. Aboitiz Energy Solutions, Inc. and AdventEnergy, Inc.) that are licensed Electricity Retail Suppliers, which can enter into contracts with the eligible contestable customers. Moreover, AboitizPower's generation assets that have uncontracted capacity will be able to have direct access to eligible contestable customers through AboitizPower's licensed RES.

In June 2011, ERC declared December 26, 2011 as the Open Access Date to mark the commencement of the full operations of the competitive retail electricity market in Luzon and Visayas. However, after careful deliberation, the ERC acknowledged that not all the necessary rules, systems and infrastructures required for the implementation of the Open Access and Retail Competition have been put in place to meet the contemplated timetable for implementation. In October 2011, the ERC announced the deferment of the Open Access Date. A definitive timeline leading to the eventual implementation will be issued by the ERC after consultation with all the stakeholders.

Financial Services

UnionBank's initiatives on strengthening its customer franchise will continue to be at the forefront as it prioritizes customer satisfaction through enhanced retail focus and stronger sales management approach. UnionBank will continue to invest in technology, cultivate partnerships and rationalize branch network expansion in strategic areas to maximize growth channels with respect to both deposits and loan accounts. In 2012, the bank plans to open 10 new branches in support of its objective of enhancing customer experience and in support of its community banking strategy.

UnionBank will continue to focus on improving the performance of its earning assets portfolio, with loan asset acquisition in the retail, middle-market and corporate sectors. It will implement a disciplined asset allocation built on good governance and effective risk management to ensure momentum of recurrent income stream. At the same time, UnionBank is focusing on improving its deposit liabilities mix by targeting low-cost funds (i.e. CASA).

UnionBank will, likewise, continue to enhance operating efficiencies through cost containment efforts and improvements in its business processes to align with best and leading practices.

CitySavings will continue to strengthen its market position in its present niche by improving its products and services further. Other government employees, aside from public school teachers, and private company employees will be tapped. CitySavings plans to expand its branch network by putting up new branches and extension offices in areas outside of its present coverage. The bank is targeting to add six (6) branches to its network, all to be located in Luzon.

To support its expansion program, CitySavings is in the process of putting in place a new core banking system called Finacle, which is designed to improve processes and systems to better serve the bank's growing clientele. With this system, operating efficiencies are seen to be enhanced as branch processes will be standardized and backroom operations will be automated.

Food Manufacturing

In line with the logistics initiatives to mitigate higher freight cost, Pilmico has implemented dredging works in its harbor in Iligan to enable it to accommodate higher tonnage vessels. Pilmico will likewise invest in a pneumatic unloader to improve its unloading capacity. Both projects are expected to be completed by January 2012. As a result, the facility's unloading rate will improve to 10,000 metric tons per day (MTPD) from 7,500 MTPD.

Construction of additional silos to support the storage requirements of the second production line of its Iligan feedmill is underway. Target completion date is by second quarter of 2012.

PANC aims to continue its swine business' expansion phase by growing further its breeding capacity. The company's goal is to increase its sow capacity by 28% by 2014, with 70% of the finishing farms owned and operated by the company. To do this, PANC will continue to expand the existing breeder farm, build a new nursery farm and increase the capacity of the growing-finishing farms.

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 requirement 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 15 2012
Corporate Secretary	M. Jasmine S. Oporto
Signature and Title	First Vice President – Chief Legal Officer/ Corporate Secretary/Compliance Officer
Date	MAY 15 2012

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AT MARCH 31, 2012 AND DECEMBER 31, 2011
(Amounts in Thousands)

	UNAUDITED MAR 2012	AUDITED DEC 2011
ASSETS		
Current Assets		
Cash and cash equivalents	**34,802,848**	29,543,492
Trade and other receivables - net	**21,889,087**	22,024,385
Inventories - net	**4,074,945**	4,932,659
Other current assets	**2,831,234**	2,220,068
Total Current Assets	**63,598,114**	58,720,604
Noncurrent Assets		
Property, plant, and equipment - net	**82,817,863**	82,608,589
Intangible asset - service concession right	**4,101,268**	4,162,768
Investment properties - net	**402,222**	341,381
Investments and advances	**50,521,131**	48,762,926
Available-for-sale (AFS) investments	**84,230**	74,569
Goodwill	**1,639,518**	1,639,518
Pension asset	**160,803**	190,270
Deferred income tax assets	**367,929**	268,664
Other noncurrent assets - net	**4,194,900**	4,222,586
Total Noncurrent Assets	**144,289,864**	142,271,271
TOTAL ASSETS	**207,887,978**	200,991,875
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	**3,671,642**	5,301,008
Trade and other payables	**12,496,940**	12,667,610
Current portion of derivative liability	**407**	7,580
Dividends payable	**57**	-
Income tax payable	**588,552**	222,895
Current portion of long-term debt	**1,427,917**	1,604,750
Current portion of obligations on Power Distribution System	**40,000**	40,000
Current portion of payable to preferred shareholder of a subsidiary	**16,902**	16,902
Total Current Liabilities	**18,242,417**	19,860,745
Noncurrent Liabilities		
Deposit liabilities of CSB	**5,600,361**	4,472,252
Long-term debt - net of current portion	**26,902,641**	26,077,970
Obligations under finance lease - net of current portion	**53,323,272**	52,714,959
Obligations on Power Distribution System - net of current portion	**245,495**	237,046
Customers' deposits	**2,217,881**	2,170,028
Payable to preferred shareholder of a subsidiary	**30,266**	46,068
Pension liability	**44,682**	37,092
Deferred income tax liability	**572,720**	397,988
Total Noncurrent Liabilities	**88,937,318**	86,153,403
Total Liabilities	**107,179,735**	106,014,148
Equity Attributable to Equity Holders of the Parent		
Capital stock	**5,694,600**	5,694,600
Additional paid-in capital	**6,110,957**	6,110,957
Net unrealized gains on AFS investments	**15,949**	9,638
Cumulative translation adjustments	**(70,308)**	(43,705)
Share in cumulative translation adjustments of associates	**(451,732)**	(417,661)
Share in net unrealized gains (losses) on AFS investments and underwriting accounts of associates	**604,070**	1,116,923
Gain on dilution	**5,376,176**	5,376,176
Acquisition of non-controlling interest	**(1,165,931)**	(527,203)
Retained earnings	**66,908,045**	61,053,322
Treasury stock at cost	**(1,295,163)**	(1,295,163)
	81,726,663	77,077,884
Non-controlling Interests	**18,981,580**	17,899,843
Total Equity	**100,708,243**	94,977,727
TOTAL LIABILITIES AND EQUITY	**207,887,978**	200,991,875

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2012 AND 2011
(Amounts in Thousands)
(UNAUDITED)

	JAN-MAR/12	JAN-MAR/11
REVENUES	**19,578,898**	17,110,839
COSTS AND EXPENSES	**14,121,627**	11,148,286
GROSS PROFIT	**5,457,271**	5,962,553
OTHER INCOME (CHARGES)		
Share in net earnings of associates	**3,246,552**	1,655,446
Interest income	**201,090**	210,027
Interest expense	**(1,947,769)**	(1,821,023)
Dividends on redeemable preferred	**-**	(31,684)
Other income	**735,229**	354,718
	2,235,102	367,484
INCOME BEFORE INCOME TAX	**7,692,373**	6,330,037
PROVISION FOR INCOME TAX	**426,005**	472,280
NET INCOME	**7,266,368**	5,857,757
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE PARENT	**5,854,724**	4,604,957
NON-CONTROLLING INTERESTS	**1,411,644**	1,252,800
	7,266,368	5,857,757
Earnings Per Common Share **		
Basic, for income for the period attributable to ordinary holders of the parent	**1.060**	0.834

** 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, 2012 AND 2011
(Amounts in Thousands)
(UNAUDITED)

	JAN-MAR/12	JAN-MAR/11
Profit for the period attributable to:		
Equity holders of the parent	**5,854,724**	4,604,957
Non-controlling interests	**1,411,644**	1,252,800
Profit for the period	**7,266,368**	5,857,757
Other comprehensive income:		
Net unrealized valuation gains (losses) on AFS investments	**(2,856)**	1,520
Movement in cumulative translation adjustments of associates	**(34,094)**	(336)
Share in movement in net unrealized valuation losses on AFS investments of an associate	**(515,262)**	(653,829)
Share in movement in cumulative translation adjustments of associates	**(44,668)**	(18,593)
Other comprehensive loss for the period, net of tax (Schedules A & B)	**(596,881)**	(671,238)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**6,669,487**	5,186,519
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Owners of the parent	**5,287,507**	3,935,688
Non-controlling interests	**1,381,980**	1,250,831
	6,669,487	5,186,519

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2012 AND 2011
(Amounts in Thousands)
(UNAUDITED)

	JAN-MAR/12	JAN-MAR/11
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	**7,692,373**	6,330,037
Adjustments for:		
Share in net earnings of associates	**(3,246,552)**	(1,655,446)
Depreciation and amortization	**922,293**	861,349
Interest income	**(201,090)**	(210,027)
Interest expense and dividends on redeemable preferred shares	**1,947,769**	1,852,707
Amortization of computer softwares and other intangibles	**5,709**	-
Dividend income	**(394)**	-
Provision for impairment loss on receivables	**31,246**	37,396
Unrealized excess of FV over historical acquisition cost	**-**	-
Unrealized fair valuation losses (gains) on derivatives	**258**	18,578
Provision for retirement benefits	**3,299**	1,779
Unrealized foreign exchange loss (gain)	**(499,557)**	(247,780)
Gain on sale of investments in shares of stock	**(27,087)**	-
Loss on sale of available for sale investments	**1,259**	5,682
Loss (gain) on sale of property, plant & equipment	**(1,097)**	(437)
Operating income before working capital changes	**6,628,429**	6,993,838
Changes in:		
Decrease (increase) in operating current assets	**294,047**	(153,149)
Increase (decrease) in operating current liabilities	**1,066,898**	(346,304)
Cash provided by operations	**7,989,374**	6,494,385
Income and final taxes paid	**(55,973)**	18,739
Net cash provided by operating activities	**7,933,401**	6,513,124
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends received	**637,619**	2,056,057
Interest received	**273,171**	223,506
Additions to investments	**(1,496)**	(64)
Collection of (payments for) advances to associates	**1,267**	(205,337)
Acquisitions of property, plant and equipment - net	**(1,191,310)**	(925,672)
Disposals (acquisitions) of available for sale investments	**(4,608)**	(6,154)
Acquisition of a subsidiary, net of cash acquired	**(933,702)**	-
Proceeds from sale of investments in shares of stock	**318,509**	0
Increase in intangible assets	**(13,861)**	(20,278)
Increase in other assets	**137,838**	(206,302)
Net cash used in investing activities	**(776,573)**	915,755
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from (settlements of) bank loans	**(1,629,366)**	(627,925)
Proceeds from (payments of) long-term debt	**647,838**	(503,163)
Payments of finance lease obligation	**(273,460)**	(275,500)
Proceeds from (payments of) payable to preferred shareholders of a subsidiary	**(19,344)**	(46,559)
Interest and dividends on redeemable preferred shares paid	**(556,441)**	(681,609)
Increase (decrease) in derivative liabilities/ Decrease (increase) in derivative assets	**(7,431)**	-
Cash dividends and other accounts paid to non-controlling interest	**289**	(687)
Net cash used in financing activities	**(1,837,915)**	(2,135,443)
NET INCREASE IN CASH AND CASH EQUIVALENTS	**5,318,913**	5,293,436
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	**(59,556)**	(9,364)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**29,543,491**	26,097,202
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	**34,802,848**	31,381,274

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2012 AND DECEMBER 31, 2011

	Attributable to owners of the parent													
	Share Capital Common	Share Capital Preferred	Additional Paid-in Capital	Net Unrealized Valuation Gains (Losses) on AFS Investments	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates	Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate	Gain on Dilution	Acquisition of Non-controlling Interest	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total
Balances at December 31, 2011	**5,694,600**	**-**	**6,110,957**	**9,638**	**(43,705)**	**(417,661)**	**1,116,924**	**5,376,176**	**(527,203)**	**61,053,322**	**(1,295,163)**	**77,077,884**	**17,899,843**	**94,977,728**
Changes in equity for Jan-Mar 2012:														
Acquisition of non-controlling interest									(638,728)			(638,728)		(638,728)
Changes in non-controlling interes												-	(300,244)	(300,244)
Total comprehensive income for the yea	-	-		6,311	(26,603)	(34,071)	(512,854)			5,854,724		5,287,507	1,381,980	6,669,487
Balances at March 31, 2012	**5,694,600**	**-**	**6,110,957**	**15,949**	**(70,308)**	**(451,732)**	**604,070**	**5,376,176**	**(1,165,931)**	**66,908,045**	**(1,295,163)**	**81,726,663**	**18,981,580**	**100,708,244**

	Attributable to owners of the parent													
	Share Capital Common	Share Capital Preferred	Additional Paid-in Capital	Net Unrealized Valuation Gains (Losses) on AFS Investments	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates	Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate	Gain on Dilution	Acquisition of Non-controlling Interest	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total
Balances at December 31, 2010	**5,694,600**	**-**	**6,110,957**	**7,443**	**0**	**44,606**	**314,840**	**5,376,176**	**(527,203)**	**48,586,535**	**(1,295,163)**	**64,312,791**	**14,004,637**	**78,317,428**
Changes in equity for Jan-Dec 2011:														
Changes in non-controlling interes												-	1,082,900	1,082,900
Cash dividends										(8,724,557)		(8,724,557)		(8,724,557)
Cash dividends paid to non-controlling interest												-	(2,374,427)	(2,374,427)
Total comprehensive income for the yea				2,195	(43,705)	(462,267)	802,084			21,191,344	-	21,489,650	5,186,733	26,676,384
Balances at December 31, 2011	**5,694,600**	**-**	**6,110,957**	**9,638**	**(43,705)**	**(417,661)**	**1,116,924**	**5,376,176**	**(527,203)**	**61,053,322**	**(1,295,163)**	**77,077,883**	**17,899,843**	**94,977,727**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2011

	Attributable to owners of the parent													
	Share Capital		Additional Paid-in Capital	Net Unrealized Valuation Gains (Losses) on AFS Investments	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates	Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate	Gain on Dilution	Acquisition of Minority Interest	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total
	Common	Preferred												
Balances at December 31, 2010	**5,694,600**	**-**	**6,110,957**	**7,443**	**0**	**44,606**	**314,840**	**5,376,176**	**(527,203)**	**48,586,535**	**(1,295,163)**	**64,312,791**	**14,004,637**	**78,317,428**
Changes in equity for Jan-Mar 2011:														
Cash dividends paid to non-controlling interest												-	(4,426)	(4,426)
Changes in non-controlling interest												-	(687)	(687)
Total comprehensive income for the year	-	-	-	(898)	-	(14,541)	(653,829)	-	-	4,604,956	-	3,935,688	1,250,831	5,186,519
Balances at March 31, 2011	**5,694,600**	**-**	**6,110,957**	**6,545**	**0**	**30,065**	**(338,989)**	**5,376,176**	**(527,203)**	**53,191,491**	**(1,295,163)**	**68,248,479**	**15,250,355**	**83,498,834**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
FINANCIAL STATEMENT SCHEDULES AND DISCLOSURES
AT MARCH 31, 2012 AND DECEMBER 31, 2011
(peso amounts in thousands)

A. COMPONENTS OF OTHER COMPREHENSIVE INCOME

		JAN-MAR/12		JAN-MAR/11
Available-for-sale financial assets:				
Net unrealized valuation gains arising during the period	**(2,856)**		1,520	
Less: Reclassification adjustments for losses included in profit or loss	-	**(2,856)**	**-**	1,520
Exchange differences in translating foreign-denominated transactions		**(34,094)**		(336)
Share in movement in net unrealized valuation gains on AFS investments of an associate		**(515,262)**		(653,829)
Share in movement in cumulative translation adjustments of associates		**(44,668)**		(18,593)
Other comprehensive income		**(596,881)**		(671,238)
Income tax relating to components of other comprehensive income		**-**		-
Other comprehensive income for the period		**(596,881)**		(671,238)

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

	JAN-MAR/12			JAN-MAR/11		
	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	**(2,856)**	**-**	**(2,856)**	1,520	-	1,520
Exchange differences in translating foreign-denominated transactions	**(34,094)**	**-**	**(34,094)**	(336)	-	(336)
Share in movement in net unrealized valuation gains on AFS investments of an associate	**(515,262)**	**-**	**(515,262)**	(653,829)	-	(653,829)
Share in movement in cumulative translation adjustments of associates	**(44,668)**	**-**	**(44,668)**	(18,593)	-	(18,593)
Other comprehensive income for the period	**(596,881)**	**-**	**(596,881)**	(671,238)	-	(671,238)

C. INVESTMENTS AND ADVANCES

	% OWNERSHIP 2012	MAR 2012	DEC 2011
Investments in shares of stock			
At equity			
Acquisition cost:			
Union Bank of the Philippines	43.27%	**6,064,163**	6,064,163
Accuria, Inc.	49.54%	**719,739**	719,739
Western Mindanao Power Corporation	20.00%	**79,099**	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%	**99,166**	152,587
Visayan Electric Co., Inc.	55.25%	**659,650**	658,153
Manila Oslo Renewable Enterprise, Inc.	83.33%	**9,545,143**	9,545,143
East Asia Utilities Corporation	50.00%	**180,616**	217,551
STEAG State Power Inc.	34.00%	**4,400,611**	4,400,611
Redondo Peninsula Energy Corporation	25.00%	**5,000**	5,000
Cebu Energy Development Corp.	44.00%	**2,438,621**	2,438,621
South Western Cement Corporation	20.00%	**28,995**	28,995
Luzon Hydro Corporation	100.00%	**-**	-
Cordillera Hydro Corporation	35.00%	**88**	88
CSB Land, Inc.	40.00%	**2,000**	2,000
CSB Holdings, Inc.	40.00%	**1,000**	1,000
Hapag-Lloyd Philippines, Inc.	15.00%	**1,800**	1,800
Jebsens People Solutions AS	50.00%	**3,600**	3,600
JAIB, Inc.	49.00%	**1,884**	1,884
Balance at end of period		**25,719,701**	25,993,126
Accumulated share in net earnings:			
Balance, beginning of year		**20,231,696**	16,339,566
Share in net earnings for the period		**3,246,554**	11,229,066
Disposals during the period		**(16,501)**	(0)
Step-acquisition to subsidiary		**-**	(196,403)
Cash dividends received		**(637,225)**	(7,140,532)
Balance, end of period		**22,824,524**	20,231,696
Gain on dilution		**1,014,136**	1,014,136
Share in net unrealized gains (losses) on available-for-sale investments of an associate		**607,404**	1,122,666
Share in cumulative translation adjustments of associates		**(591,421)**	(546,753)
		49,574,345	47,814,872
Allowance for impairment losses		**(28,995)**	(28,995)
Investments, at equity		**49,545,349**	47,785,876
Advances to investees		**975,782**	977,049
		50,521,132	48,762,925

D. ACCOUNTS PAYABLE & ACCRUED EXPENSES

Trade	3,414,063
Others	9,082,877
TOTAL	**12,496,940**

E. SHORT-TERM LOANS

	Effective Interest Rate	MAR 2012	DEC 2011
Financial institutions - unsecured:			
Peso loans	4% - 4.10%	**3,506,400**	5,084,000
US dollar loans	4% - 4.13%	**165,242**	217,008
		3,671,642	5,301,008

F. LONG-TERM LOANS

	Effective Interest Rate	MAR 2012	DEC 2011
Company			
Financial institutions - unsecured			
Peso denominated loans	5.23% - 8.25%	**3,991,150**	3,991,150
		3,991,150	3,991,150
Subsidiaries:			
AP and subsidiaries			
AP Parent			
Financial and non-institutions - unsecured			
Fixed rate notes	9.33%	**543,200**	543,200
Fixed rate notes	8.23%	**5,000,000**	5,000,000
Fixed rate notes	6.17%	**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	4.42%	**373,333**	426,667
HEDCOR, INC.			
Financial institution - secured	8.36%	**452,200**	484,500
HEDCOR SIBULAN, INC.			
Financial institutions - secured	8.52%	**3,175,420**	3,306,947
SEZC			
Financial institution - secured	3.68%	**565,000**	565,000
LHC			
Financial institution - secured	2.44% to 2.50%	**510,320**	521,257
BEZC			
Financial institution - secured	7.50%	**70,000**	70,000
		18,689,473	18,917,571
Less deferred financing costs		**104,866**	112,589
		18,584,607	18,804,982
PILMICO and subsidiary			
PILMICO			
Financial institutions - secured	4.96% - 7.10%	**1,319,772**	1,361,235
PANC			
Financial institution - secured	6.47%	**600,000**	600,000
		1,919,772	1,961,235
CITY SAVINGS BANK			
Financial institutions	5.87% - 10.10%	**3,168,409**	2,228,286
Non-financial institutions	4.75% - 8.5%	**666,620**	697,067
		3,835,029	2,925,353
Total		**28,330,558**	27,682,720
Less: Current portion		**1,427,917**	1,604,750
		26,902,641	26,077,970

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 2012	MAR 2011
a. Net income attributable to equity holders of the parent	**5,854,724**	4,604,957
b. Average number of outstanding shares	**5,521,871,821**	5,521,871,821
c. Earnings per share (a/b)	**1.060**	0.834

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 2012	Jan-Mar 2011	**Jan-Mar 2012**	Jan-Mar 2011	**Jan-Mar 2012**	Jan-Mar 2011	**Jan-Mar 2012**	Jan-Mar 2011	**Jan-Mar 2012**	Jan-Mar 2011	**Jan-Mar 2012**	Jan-Mar 2011	**Jan-Mar 2012**	Jan-Mar 2011
REVENUES	**15,097,218**	12,939,407	**511,666**	403,802	**3,715,422**	3,538,568	**-**	134,472	**293,149**	153,667	**(38,557)**	(59,077)	**19,578,898**	17,169,916
RESULT														
Segment results	**4,997,306**	5,370,743	**139,835**	145,205	**293,339**	380,118		17,759	**26,791**	22,892	**-**	25,836	**5,457,271**	5,962,553
Unallocated corporate income (expenses)	**691,795**	308,075	**4,143**	3,410	**982**	(1,027)		8,820	**38,309**	61,275	**-**	(25,836)	**735,229**	354,717
INCOME FROM OPERATIONS													**6,192,500**	6,317,270
Interest Expense & Dividends on Redeemable Preferred	**(1,831,536)**	(1,716,141)	**-**	-	**(36,357)**	(25,783)		(2,341)	**(79,876)**	(108,441)	**-**	-	**(1,947,769)**	(1,852,707)
Interest Income	**171,156**	143,002	**-**	-	**1,867**	1,188		891	**28,067**	64,946	**-**	-	**201,090**	210,027
Share in net earnings of associates	**2,010,910**	1,362,940	**1,230,247**	289,734	**39,738**	41,271		2,680	**4,624,720**	4,297,853	**(4,659,063)**	(4,339,032)	**3,246,552**	1,655,446
Provision for Income tax	**(331,768)**	(322,259)	**(44,632)**	(45,429)	**(40,481)**	(72,237)		(11,348)	**(9,124)**	(21,006)		-	**(426,005)**	(472,280)
NET INCOME													**7,266,368**	5,857,757
OTHER INFORMATION	**Mar 2012**	Dec 2011	**Mar 2012**	Dec 2011	**Mar 2012**	Dec 2011	**Mar 2012**	Dec 2011	**Mar 2012**	Dec 2011	**Mar 2012**	Dec 2011	**Mar 2012**	Dec 2011
Segment assets	**40,919,667**	36,177,995	**15,475,133**	12,674,913	**4,018,255**	5,166,308			**3,234,406**	4,838,192	**(49,347)**	(136,804)	**63,598,114**	58,720,604
Investments and advances	**30,244,018**	29,206,192	**20,392,634**	19,677,649	**1,169,890**	1,130,152			**62,940,620**	58,024,800	**(64,226,031)**	(59,275,867)	**50,521,132**	48,762,925
Unallocated corporate assets	**88,373,298**	88,238,253	**306,766**	323,866	**2,709,520**	2,668,037			**1,735,635**	1,634,678	**643,513**	643,512	**93,768,732**	93,508,345
Consolidated total assets	**-**		**-**		**-**		**-**		**-**				**207,887,978**	200,991,875
Segment liabilities	**82,624,243**	82,768,086	**13,720,837**	11,086,268	**4,320,191**	5,705,399			**5,386,027**	5,923,679	**(77,517)**	(127,257)	**105,973,781**	105,356,174
Unallocated corporate liabilities	**996,243**	567,636	**123,527**	74,317	**59,288**	-			**26,896**	16,021		-	**1,205,954**	657,974
Consolidated total liabilities													**107,179,735**	106,014,148
	Jan-Mar 2012	Jan-Mar 2011	**Jan-Mar 2012**	Jan-Mar 2011	**Jan-Mar 2012**	Jan-Mar 2011	**Jan-Mar 2012**	Jan-Mar 2011	**Jan-Mar 2012**	Jan-Mar 2011	**Jan-Mar 2012**	Jan-Mar 2011	**Jan-Mar 2012**	Jan-Mar 2011
Capital Expenditure	**7,462,398**	7,462,398	**64,983**	64,983	**492,028**	492,028			**536,098**	550,980		-	**8,555,507**	8,570,389
Depreciation	**818,734**	769,585	**12,811**	10,142	**62,682**	55,124		5,059	**28,066**	21,438		-	**922,293**	861,349

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, 2012, 3.3% of the Group's long-term debt had floating interest rates ranging from 2.44% to 6.40%, and 96.7% are with fixed rates ranging from 3.68% to 10.10%. As of December 31, 2011, 3.6% of the Group's long-term debt had floating interest rates ranging from 3.22% to 6.40%, and 96.4% are with fixed rates ranging from 3.68% to 10.10%.

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, 2012

	< 1 year	**1 - 5 years**	**> 5 years**	**Total**
Floating rate - long-term debt	**406,902**	**472,402**	**-**	**879,304**
Fixed rate - long-term debt	**1,021,015**	**15,880,174**	**10,550,065**	**27,451,254**
Payable to preferred shareholders of a subsidiary - floating	**16,902**	**30,266**	**-**	**47,168**
Redeemable preferred shares - fixed			**-**	**-**
Obligations under finance lease - floating			**-**	**-**
	1,444,819	**16,382,842**	**10,550,065**	**28,377,726**

As of December 31, 2011

	< 1 year	1 - 5 years	> 5 years	Total
Floating rate - long-term debt	409,153	533,429	-	942,582
Fixed rate - long-term debt	1,195,597	15,793,461	9,751,081	26,740,138
Payable to preferred shareholders of a subsidiary - floating	16,902	46,068	-	62,970
Redeemable preferred shares - fixed				-
	1,621,652	16,372,957	9,751,081	27,745,690

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 2012	**MAR 2011**
Long term debt	**487,471**	425,497
Bank loans	**3,592**	33,029
Customers' deposits	**956**	953
Obligations under finance lease	**1,440,886**	1,331,402
Long-term obligation on PDS	**8,449**	8,622
Payable to preferred shareholder of a subsidiary	**3,542**	17,273
Advances from related parties	**2,873**	4,248
	1,947,769	1,821,024

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held

	Increase/decrease in basis points	Effect on income before tax
Mar 2012	**200**	**(2,310)**
	(100)	**1,155**
Mar 2011	100	(2,091)
	(50)	1,046

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, 2012 and December 31, 2011, foreign currency denominated borrowings account for 32.06 % and 32.02%, respectively, of total consolidated borrowings.

	MARCH 31, 2012		DECEMBER 31, 2011	
	US Dollar	**Peso Equivalent**[1]	US Dollar	Peso Equivalent[2]
Current Financial Assets				
Cash and cash equivalents	**16,705**	**716,979**	16,704	732,310
Trade and other receivables	**11,832**	**507,813**	15,180	665,488
Amounts owed by related parties			885	38,781
Total Financial Assets	**28,537**	**1,224,791**	32,769	1,436,579
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Current Financial Liabilities				
Bank loans	**3,850**	**165,242**	4,950	217,008
Trade and other payables	**4,067**	**174,568**	20,768	910,472
Long-term debt	**11,890**	**510,320**	11,889.99	521,257.00
Advances from shipping principals	**0**	**0**	0	0
Obligations under finance lease	**622,032**	**26,697,613**	609,712	26,729,764
Total Financial Liabilities	**641,839**	**27,547,743**	647,320	28,378,501
Net foreign currency denominated assets (liabilities)	**(613,303)**	**(26,322,952)**	(614,551)	(26,941,922)
[1]USD1 =	42.92			
[2]USD1 =	43.84			

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, 2012.

	Increase (decrease) in US dollar rate	Effect on income before income tax
US dollar denominated accounts	5%	(1,316,148)
US dollar denominated accounts	-5%	1,316,148

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, 2012 and 2011, 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. Liquidity risk is the risk that an entity in the Group will be unable to meet its obligations as they become due. The Group, except City Savings Bank ("CSB") (which has a separate risk management policy), manages liquidity risk by effectively managing its working capital, capital expenditure and cash flows, making use of a centralized treasury function to manage pooled business unit cash investments and borrowing requirements. Currently the Group, except CSB, is maintaining a positive cash position, conserving the Group's cash resources through renewed focus on working capital improvement and capital reprioritization. The Group, except CSB, meets its financing requirements through a mixture of cash generated from its operations and short-term and long-term borrowings. Adequate banking facilities and reserve borrowing capacities are maintained. The Group is in compliance with all of the financial covenants per its loan agreements, none of which is expected to present a material restriction on funding or its investment policy in the near future. The Group has sufficient undrawn borrowing facilities, which could be utilized to settle obligations.

In managing its long-term financial requirements, the policy of the Group, excluding CSB, is that not more than 25% of long term borrowings should mature in any twelve-month period. As of March 31, 2012 and December 31, 2011, the portion of the total long-term debt that will mature in less than one year is 1.79% and 2.02%, respectively. For its short-term funding, the policy of the Group, except CSB, is to ensure that there are sufficient working capital inflows to match repayments of short-term debt

Cash and cash equivalents and trade and other receivables, which are all short-term in nature, have balances of P30,655,242 and P10,587,757 as of March 31, 2012 and P27,201,981 and P11,690,983 as of December 31, 2011, respectively. These financial assets will be used to fund short-term and operational liquidity needs of the Group.

The following table analyses the financial liabilities of the Group, except CSB, into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity. The amounts disclosed in the table are the contractual undiscounted cash flows (amounts in thousands):

	Total Carrying Value	Contractual undiscounted principal payments				
		Total	On demand	Less than 1 year	1 to 5 years	> 5 years
Financial Liabilities						
Operating						
Trade and other payables	**5,465,243**	**5,465,300**	50,906	5,414,394	-	-
Customers' deposits	**2,217,881**	**2,217,881**	-	7,249	59,459	2,151,173
Financing						
Bank loans	**3,671,642**	**3,671,642**	-	3,671,642	-	-
Long-term debt	**24,495,529**	**25,936,922**	-	1,705,245	16,820,795	7,410,882
Obligations under finance lease	**53,323,272**	**110,019,033**	-	2,534,784	38,142,989	69,341,260
Obligations on power distribution system	**285,495**	**680,000**	-	40,000	200,000	440,000
Redeemable preferred shares	**-**	**-**	-	-	-	-
Others						
Derivative liabilities	**407**	**407**	-	407	-	-
Payable to preferred shareholder of a subsidiary	**47,168**	**93,210**	-	31,070	62,140	-
Total	**89,506,637**	**148,084,395**	50,906	13,404,791	55,285,383	79,343,315

City Savings Bank closely monitors the current and prospective maturity structure of its resources and liabilities and the market condition to guide pricing and asset/liability allocation strategies to manage its liquidity risks.

In addition, CSB manages liquidity risk by holding sufficient liquid assets of appropriate quality to ensure short-term funding requirements are met and by maintaining a balanced loan portfolio which is repriced on a regular basis. It seeks to maintain sufficient liquidity to take advantage of interest rate and exchange rate opportunities when they arise.

It is also the policy of the Group to closely monitor CSB's risk exposure.

Capital management. Capital includes equity attributable to the equity holders of the parent. The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the periods ended March 31, 2012 and December 31, 2011.

Certain entities within the Group that are registered with the BOI are required to raise minimum amount of capital in order to avail of their registration incentives. As of March 31, 2012 and December 31, 2011, these entities have complied with this requirement as applicable.

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

Gearing ratios of the Group as of March 31, 2012 and December 31, 2011 are as follows:

	MAR 2012	DEC 2011
Bank Loans	**3,671,642**	5,301,008
Long - term debt	**81,700,998**	80,460,649
Cash and cash equivalents	**(34,802,848)**	(29,543,492)
Net Debt (a)	**50,569,792**	56,218,165
Equity attributable to equity holders of the parent	**100,708,243**	94,977,727
Equity and Net Debt (b)	**151,278,035**	151,195,892
Gearing Ratio (a/b)	**33.43%**	37.18%

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, 2012		DECEMBER 31, 2011	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets				
Cash				
Cash and cash equivalents	**34,802,848**	**34,802,848**	29,543,492	29,543,492
Loans and receivables				
Trade and other receivables	**21,889,087**	**21,889,087**	22,024,386	22,024,386
	56,691,935	**56,691,935**	51,567,877	51,567,877
AFS				
AFS investments	**84,230**	**84,230**	74,569	74,569
Total	**56,776,165**	**56,776,165**	51,642,446	51,642,446

	MARCH 31, 2012		DECEMBER 31, 2011	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial liabilities				
Other financial liabilities				
Bank loans	**3,671,642**	**3,671,642**	5,301,008	5,301,008
Trade and other payables	**9,750,690**	**9,750,690**	10,334,999	10,334,999
Derivative liability	**407**	**407**	7,580	7,580
Deposit liabilities - net of current portion	**5,600,361**	**5,600,361**	4,472,252	4,472,252
Customers' deposits	**2,217,881**	**2,217,881**	2,170,028	2,170,028
Obligations on power distribution system	**285,495**	**423,612**	277,046	419,789
Obligations under finance leases				
Fixed rate	**53,323,272**	**63,286,204**	52,714,959	67,291,284
Long-term debt				
Fixed rate	**27,451,254**	**28,552,505**	26,740,138	28,603,315
Floating rate	**879,304**	**879,304**	942,582	942,582
Payable to preferred shareholder of a subsidiary (floating rate)	**47,168**	**47,168**	62,970	62,970
Total	**103,227,474**	**114,429,774**	103,023,562	119,605,806

As of March 31, 2012 and December 31, 2011, 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 and Obligations under finance lease

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 if 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 adopted are consistent with those of the previous financial year except for the amended and revised PFRS and Philippine Interpretations which the Group has adopted starting January 1, 2011. Adoption of the following revised and amended PFRS and Philippine Interpretations and improvements to PFRS did not have any significant impact to the Group's consolidated financial statements.

PAS 12, Income Taxes - Recovery of Underlying Assets
The amendment to PAS 12 is effective for annual periods beginning on or after January 1, 2012. The amendment clarified the determination of deferred tax on investment property measured at fair value. The amendment introduces a rebuttable presumption that deferred tax on investment property measured using the fair value model in PAS 40, Investment Property, should be determined on the basis that its carrying amount will be recovered through sale. Furthermore, it introduces the requirement that deferred tax on non-depreciable assets that are measured using the revaluation model in PAS 16, Property, Plant and Equipment, always be measured on a sale basis of the asset.

PFRS 7, Financial Instruments: Disclosures - Enhanced Derecognition Disclosure Requirements
The amendment to PFRS 7 is effective for annual periods beginning on or after July 1, 2011. The amendment requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the Group's financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets.

2. Seasonality of Interim Operations

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

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. AEV Dividend Declaration

On March 1, 2012, the BOD of the Company approved the declaration of a cash dividend of P1.58 a share (P8.725 billion) to all stockholders of record as of March 16, 2012, payable on April 3, 2012.

b. Purchase of AP Shares

On February 6, 2012, the Company bought 31,650,900 common shares of Aboitiz Power Corporation (AP) at a price of P29.50 per share. This has increased its ownership in AP from 76.40% to 76.83%.

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 31/2012

(amts in P000's)

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Transport Services	279,909	5,684	111	8,905	294,609
Power	5,364,298	517,533	197,015	1,784,099	7,862,945
Banking	1,535,624	1,451,123	1,263,215	7,252,602	11,502,564
Food Manufacturing	1,119,131	8,580	11,712	52,197	1,191,620
Holding and Others	78,760	51,394	8,257	75,115	213,526
	8,377,722	**2,034,314**	**1,480,310**	**9,172,918**	**21,065,264**
Others	1,251,640	39,072	44,534	231,322	1,566,568
	9,629,362	**2,073,386**	**1,524,844**	**9,404,240**	**22,631,832**
Less Allowance for Doubtful Accounts					**742,745**
					21,889,087

ACCOUNTS RECEIVABLE DESCRIPTION

Type of Receivable	Nature / Description	Collection 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