COVER SHEET

CE02536

S.E.C. Registration Number

ABOITIZ EQUITY VENTURES, INC.

(Company's Full Name)

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

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

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

1st Quarterly Report

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

Total No. of Stockholders	Domestic	Foreign
10,466	X	

To be accomplished by SEC Personnel concerned

File Number

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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, 2011

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	₱96,206,117,391

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 2011	JAN-MAR 2010
EQUITY IN NET EARNINGS OF INVESTEES	**1,655,446**	952,273
EBITDA	**8,623,356**	10,525,456
CASH FLOW GENERATED:		
Net cash provided by operating activities	**6,513,124**	4,278,996
Net cash provided by (used in) investing activities	**915,755**	(3,774,597)
Net cash used in financing activities	**(2,135,443)**	(570,870)
Net Increase (Decrease) in Cash & Cash Equivalents	**5,293,436**	(66,471)
Cash & Cash Equivalent, Beginning	**26,097,203**	5,582,228
Cash & Cash Equivalent, End	**31,381,274**	5,723,525
	MAR 31/2011	**DEC 31/2010**
CURRENT RATIO	**2.79**	2.36
DEBT-TO-EQUITY RATIO	**1.15**	1.23

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

Equity in net earnings of investees registered a 74% year-on-year ("YoY") increase. This improvement was attributed to the strong performance of the majority of the power 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 significant upsurge in their ancillary service revenues.

The 18% decrease in EBITDA was mainly attributable to the decline in gross profit of the power generation group, resulting from lower revenues. This was due to the lower average selling price and net generation recorded for the period. Moreover, under the present unfavorable global supply scenario, increase in coal prices put a squeeze to the profit margins of the group. This decrease in EBITDA was partially cushioned by the growth in equity earnings of associates.

The improvement in both current and debt-to-equity ratios from year-end 2010 levels was mainly due to the combined effect of the increase in current assets and the decline in current liabilities, and the increase in equity which was complemented by the decrease in consolidated liabilities, respectively. The higher level of current assets was mainly attributed to the increase in cash generated from operations during the period under review. Equity attributable to equity holders of the parent also registered a substantial growth with the P4.6 billion net income recorded during the 1st quarter of 2011.

Operating in a challenging economic environment and dealing with external market volatilities, management teams across the Group strive 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 quarter ended March 31, 2011, AEV and its subsidiaries posted a consolidated net income of ₱4.6 billion, a 26% YoY decrease, which translated to an ₱0.83 earnings per share. In terms of income contribution, power group still accounted for the lion's share at 85%, followed by the banking and food groups at 9% and 6% each.

The group recorded a non-recurring net gain of ₱82 million (versus ₱308 million in 1Q2010), attributable to the foreign-exchange gains recognized in the revaluation of dollar-denominated liabilities under an appreciating Philippine peso scenario. Adding to this non-recurring item was AEV's ₱266 million share of a power subsidiary's revenue adjustment brought about by the favorable ruling on a Motion for Reconsideration filed with the industry regulator involving its tariff structure. Sans one-off items, AEV's core net income for the quarter amounted to ₱4.26 billion, down 28% from the same period last year.

Power

Aboitiz Power Corporation (AP or AboitizPower") and its subsidiaries ended the current period with an income contribution of ₱3.9 billion, a 31% decline YoY.

The power generation group reported a 35% YoY drop in earnings contribution to AEV, from ₱5.76 billion to ₱3.763 billion, mainly due to the lower average selling price and net generation recorded for the current period. It recorded a 19% YoY decrease in average selling prices, mainly due to the softening of the spot market prices in the first quarter as the average price in the Wholesale Electricity Spot Market (WESM) registered a 66% YoY drop. The negative impact on revenues was cushioned by AP's lower exposure in the spot market as it entered into more bilateral agreements, thus, increasing its contracted sales. Cooler climate in the early part of the year, which resulted to lower demand for electricity, substantially accounted for the 10% YoY reduction in the generation group's attributable net generation, from 2,418 GWh to 2,168 GWh. The higher cost of coal also contributed to the decline in earnings as it reduced the profit margins on the contracted sales. Partially offsetting these decreases were the higher income contributions of SNAP-Magat, SNAP-Benguet and Therma Marine, Inc. (TMI), and the fresh contribution of Cebu Energy Development Corporation (CEDC). For the SNAP group, the improvement was due to the increase in their ancillary service revenues. TMI's increase was mainly due to its one-time billing of a tariff rate adjustment amounting to ₱388 million as a result of Energy Regulatory Commission's (ERC) approval in March 2011 of the motion for reconsideration it filed in 2010, relating to a component of its rate structure.

The power distribution group posted a 107% YoY improvement in earnings contribution to AEV, from ₱167 million to ₱347 million. Its attributable electricity sales for the current quarter rose by 6% YoY, from 841 GwH to 889 GwH, as power consumption of the industrial, commercial and residential customers increased by 9%, 2% and 1%, respectively. The rise in the group's profit margins was driven by this growth in GWh sales, complemented by higher selling prices resulting from the implementation of the rate increase (under a Performance Based Regulation scheme) by two power distribution utilities in August, 2010. Furthermore, Davao Light & Power Company Inc.'s (DLP or Davao Light) operating expenses declined YoY, as operation of its back-up power plant was not required given the improved power supply situation in Mindanao during the quarter under review.

Financial Services

Income contribution from the financial services group registered an 11% YoY improvement, from previous period's ₱379 million to ₱422 million. Union Bank of the Philippines (UBP) ended the current quarter with an earnings contribution of ₱102 million, falling 10% YoY, while City Savings Bank, Inc.'s (CSB) share in earnings was ₱319 million, up 294% YOY. The main driver of this growth was the improvement in the operating performance of CSB and AEV's increased ownership in CSB.

UBP's 1Q2011 net income decreased to ₱708 million (vs ₱855 million in 1Q2010) mainly due to the 21% YoY decline in its securities and foreign exchange trading gains which more than offset the 3% growth in net interest income.

The 42% YoY increase in CSB's net income, from ₱73 million in 1Q2010 to ₱103 million in 1Q2011, was attributed mainly to the 45% growth in its interest income on loans and service fees as total loan booked during the year was up by 29% YoY to ₱6.7 billion. Enhancing the growth in CSB's earnings contribution was the increase in AEV's ownership from 35.8% to 99.31%.

Food

For the period under review, income contribution from Pilmico Foods Corporation (PFC) and its subsidiaries amounted to ₱282 million, down 24% YoY. In the flour division, increase in wheat cost outpaced the growth in sales, resulting to an 18% YoY decline in its income contribution. The swine business' earnings contribution also fell by 28% YoY due to lower margins coming from the decrease in selling prices and higher input costs. Likewise, feeds division's income contribution dipped by 27% mainly due to increasing input costs.

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

For the first quarter of 2011, AEV's consolidated net income attributable to equity holders registered a 26% decline, from ₱6.25 billion in 1Q2010 to ₱4.6 billion.

Operating profit for the current period amounted to ₱5.96 billion, a 29% drop from the ₱8.42 billion generated in 1Q2010. This was brought about by the ₱5.63 billion decrease in consolidated revenues, which more than offset the corresponding ₱3.17 billion decrease in costs and expenses. Both power and food groups recorded lower operating margins during the quarter under review.

Power subsidiaries reported a combined 34% YoY decline in operating margins resulting from the 22% decrease in consolidated revenues which surpassed the corresponding drop in costs and expenses. Lower revenues (₱12.94 billion in 1Q2011 vs ₱16.6 billion in 1Q2010) was largely due to Aboitiz Power Renewable Inc.'s (APRI) and Therma Luzon, Inc.'s (TLI) sales which fell by ₱3.62 billion resulting from the decrease in volumes sold and the substantial drop in average selling prices. Costs and expenses decreased by 11% mainly due to lower operating costs for APRI and the dip in TMI's and Cebu Private Power Corporation's (CPPC) fuel costs resulting from lesser dispatch. This was partially offset by the increase in TLI's coal costs.

Food group reported a 12% YoY decrease in operating margins as the ₱678 million increase in costs and expenses more than offset the ₱618 billion rise in revenues. The 21% improvement in sales (₱3.54 billion in 1Q2011 vs ₱2.92 billion in 1Q2010) was largely attributed to higher sales volume for swine and the growth in sales volume and selling prices for both flour and feeds. The 28% spike in costs (₱3.1 billion in 1Q2011 vs ₱2.42 billion in 1Q2010) was mainly due to the increasing costs of raw materials of these three businesses.

The decline in consolidated operating profit was partially tempered by the ₱170 million fresh gross margin contribution of the newly-consolidated CSB, the increase in equity earnings, and the decrease in net interest expense. Share in net earnings of associates registered a 74% YoY improvement (₱1.66 billion in 1Q2011 vs ₱952 million in 1Q2010) primarily due to the strong performance of the majority of the power associates. Bulk of the increase was coming from the combined income contributions of SNAP-Magat and SNAP-Benguet due to the upsurge of their ancillary service revenues. Growth in ancillary service sales was a result of the higher acceptance of SNAP-Magat's nominated capacity and the fresh contribution of the SNAP-Benguet's Binga hydropower plant, as its contract with National Grid Corporation of the Philippines (NGCP) was implemented only in the third quarter of 2010. Both companies' hydro facilities were close to full during the current period, thus, enhancing their capability to provide ancillary services. The fresh income contribution of CEDC, which had its full commercial operations on its 246 MW Coal plant during the period under review, and the higher earnings of STEAG State Power Inc. (STEAG Power) due to the increase in its coal margins, complemented this improvement in equity earnings of associates.

The 2% decrease in net interest expense (₱1.64 billion in 1Q2011 vs ₱1.68 billion in 1Q2010) was mainly due to lower average short-term debt level in the 1st quarter of 2011, compared to the same period last year.

Other income decreased by 47% (₱355 million in 1Q2011 vs ₱670 million in 1Q2010) as foreign exchange gains dipped by ₱318 million. This was the result of the restatement of the dollar-denominated debt of the power group under a lower appreciating peso scenario as of quarter-end 2011, as compared to that of March 2010. As of March 31, 2011, foreign exchange (FX) rate for the US$ stood at ₱43.39 to a dollar, a ₱0.45 decline from the ₱43.84 rate as of the beginning of the year. This appreciation is lower compared to the ₱1.03 differential as of March 31, 2010 when FX rate was at ₱45.17, reckoned from the ₱46.20 rate as of the start of that year.

The 23% increase in provision for income tax (₱472 million in 1Q2011 vs ₱384 million in 1Q2010) was mainly due to the newly-consolidated tax provision of CSB.

The 28% dip in net income attributable to minority interests was mainly due to the decline in power group's net income, 24% of which, belongs to minority shareholders.

AEV's consolidated comprehensive income attributable to equity holders decreased by 38%, from ₱6.37 billion in 1Q2010 to ₱3.94 billion in 1Q2011. This was mainly due to the decline in the 1st quarter 2011 net income and the recognition of its share of an associate's fair valuation loss on available-for-sale investments, as compared to the recording of a fair valuation gain in the 1st quarter of 2010.

Changes in Registrant's Resources, Liabilities and Shareholders Equity

Assets

Compared to year-end 2010 levels, consolidated assets increased 3% to ₱179.7 billion as of March 31, 2011, due to the following:

a. Cash & Cash Equivalents increased by ₱5.28 billion mainly due to power group's additional funds generated from operations during the quarter under review.

b. Inventories increased by 6% (₱4.32 billion in March 2011 vs ₱4.08 billion in December 2010) mainly due to the ₱235 million spike in power group's inventory resulting from higher cost of coal of TLI.

c. Deferred Income Tax Assets was up by 8% (₱271 million in March 2011 vs ₱251 million in December 2010) mainly due to AP parent company's recognition of the corresponding income tax benefit on the unrealized foreign exchange loss recognized on its dollar holdings as a result of the peso appreciation as of the end of the current quarter.

d. Other Noncurrent Assets increased by 6% (₱1.51 billion in March 2011 vs ₱1.43 billion in December 2010) mainly due to food group's fair value gains on its biological assets.

The above increases were tempered by the decline in Investments and Advances account with a balance of ₱43.98 billion, down by ₱868 million from year-end 2010 level. This was mainly attributed to the decrease in accumulated equity earnings and the recognition of its ₱654 million share in UBP's unrealized fair valuation gain on its available-for-sale investments. Accumulated equity earnings dipped as the ₱2.06 billion cash dividends received were higher than the ₱1.66 billion share in associates' net earnings recorded. Partially offsetting this decrease was the additional ₱205 million advances granted to certain power associates.

Liabilities

Consolidated short-term bank loans decreased by 11% (₱5.04 billion in March 2011 vs P5.67 billion in December 2010) while long-term liabilities slightly increased by 0.4% (₱74.34 billion in March 2011 vs ₱74.06 billion in December 2010). 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 principally due to the ₱799 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 ₱522 million amortization payments on existing loans.

Trade and other payables decreased by 5% from ₱10.56 billion to ₱9.99 billion, mainly due to the payment by parent company of its purchase of Aboitiz Jebsen shares which was recorded as a payable as of year-end 2010, and the settlement by AP of its trade payables.

Income tax payable increased by 106% mainly due to the higher current income tax liability recorded by power distribution and food groups and CSB.

Deferred income tax liabilities increased by ₱126 million mainly due to TLI'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 6% from year-end 2010 level of ₱64.31 billion to ₱68.25 billion, mainly due to the ₱4.6 billion increase in Retained Earnings resulting from net income recorded during current period. This was partially offset by the group's ₱654 million share in UBP's unrealized fair valuation gain on its available-for-sale investments.

Material Changes in Liquidity and Cash Reserves of Registrant

For the 1st quarter ended 2011, the group continued to support its liquidity mainly from cash generated from operations and dividends received from associates.

Compared to the cash inflow during the comparable quarter in 2010, consolidated cash generated from operating activities in 1Q2011 increased by ₱2.23 billion to ₱6.51 billion. This increase was largely a result of lower level of trade receivables, despite the decline in revenues generated during the current period. During the 1st quarter of 2010, a substantial portion of the revenues remained uncollected as of the end of the period.

The current period ended up with a ₱916 million net cash provided by investing activities, compared to the ₱3.77 billion used during the comparable period last year. The positive cash position during the current quarter was mainly due to higher cash dividends received from associates while funds used for business acquisitions was nil. In 1Q2010, fund utilization for business acquisition and capital expenditures was much higher.

Net cash used in financing activities during the current period was higher at ₱2.13 billion, compared to the ₱571 million in 1Q2010. This increase in fund usage was mainly due to higher debt settlements using internally-generated funds.

For the current period, net cash inflows surpassed cash outflows, resulting to a 20% increase in cash and cash equivalents, from ₱26.10 billion in December, 2010 to ₱31.38 billion in March 31, 2011.

Financial Ratios

The improvement in current ratio, from 2.36:1 as of December 2010 to 2.79:1 as of March 2011, was due to the increase in current assets, complemented by the decline in current liabilities. The growth in current assets was mainly attributed to the increase in cash generated from operations during the period in review. Current liabilities dipped due to prepayment of bank loans using internally-generated funds. Likewise, debt-to-equity ratio improved, from 1.23:1 as of December 2010 to 1.15:1 as of March. 2011, and net debt-to-equity ratio stood at 0.57x (versus year-end 2010's 0.7x), resulting from the combined effects of the increase in equity and the decrease in consolidated liabilities. The rise in equity attributable to equity holders of the parent was substantially the result of the ₱4.6 billion net income recorded during the 1st quarter of 2011. The decline in consolidated liabilities was mainly attributable to repayment of short-term bank debt and settlement of trade payables using internally-generated funds.

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:

Power (Generation Business)

1. Continued growth in the Company's attributable capacity

AboitizPower ended the year 2010 with an 18% YoY expansion in its total attributable generating capacity from 1,745 MW to 2,051 MW. The capacity growth was mainly due to the following:

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

  AboitizPower, through wholly owned subsidiary TMI 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.

  AboitizPower acquired both power barges on July 31, 2009 via a successfully concluded negotiated bid with PSALM. The total purchase price for both barges is USD30 million. TMI has Ancillary Services Procurement Agreements with the NGCP. In 2010, TMI signed bilateral contracts with various distribution utilities covering approximately 75 MW in contracted capacity. These contracts are awaiting ERC approval.

- Completion of Greenfield power plant developments

  42.5 MW Hedcor Sibulan Hydro Power Plant Project. This is a Greenfield run-of-river hydro power plant located in Barangay Sibulan, Sta. Cruz, Davao del Sur by AboitizPower's 100% owned subsidiary, Hedcor Sibulan. 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. Plant B, which has a capacity of 26 MW, commenced its operations in May 2010, while Plant A, which has a capacity of 16.5 MW, was completed in July 2010.

  246 MW Cebu Coal-fired Power Plant. 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 Energy Corporation of the Garcia Group, was completed in 2010. Two units with a capacity of 82 MW each have started generating and feeding power into the Visayas Grid in February and May 2010. Construction of the last unit was completed in the fourth quarter of 2010. AboitizPower has an effective participation of 26% in the project.

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

- Rehabilitation of the Ambuklao-Binga hydro power facilities

  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. Completion of the rehabilitation of the former has been delayed due to the construction of a new headrace tunnel ("HRT"). Difficulties were encountered in completing the plugging of the existing plant HRT due to the unexpectedly larger quantity of sediments (silt and clay) in the facility compounded by the effect of Typhoon Pepeng that hit the country in 2009. The plant's rehabilitation works are expected to be completed by the third quarter of 2011, when all three (3) units are operating, instead of end-2010 as earlier estimated. After the rehabilitation, the Ambuklao plant will have a capacity of 105 MW of renewable energy that will significantly augment supply of electrical power to the Luzon Grid. Rehabilitation works on Binga will commence in 2011, 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.

- 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. Once completed, generation capacity and plant availability are expected to improve. At present, the Tiwi-Makban geothermal power plants have a combined estimated generation capacity of 467 MW, which is based on the plants' peak generation in 2009. AboitizPower reckons that after completion of the rehabilitation works, generation capacity could increase to approximately 484 MW, which takes into account current steam supply and decline rates. Completion of works will be in stages, with Tiwi plants estimated to be finished by second quarter of 2011, while Makban plants by first quarter of 2012.

- Greenfield and Brownfield developments

  300 MW Coal-fired Power Plant in Subic. After revisiting the power demand and supply situation in the Luzon Grid, AboitizPower's 50%-owned RP Energy has decided to pursue its 300 MW coal-fired power plant project in the Subic Bay Freeport Zone (the Subic Coal Project). After re-evaluating the project, RP Energy is contemplating of increasing the planned generating capacity of the Subic Coal Project to 600 MW. The company is in talks with prospective turnkey contractors for the Engineering, Procurement and Construction contract for the project. Construction period is estimated at 36 months.

  300 MW Coal-fired Power Plant in Davao. AboitizPower is planning to put up a 2x150MW coal-fired power plant in Davao, which is the biggest load center in the island of Mindanao. The Company is in the process of obtaining the necessary permits and government clearances. AboitizPower has already identified a location in Davao and has successfully negotiated a lease with an option to purchase. The Company has engaged engineering and environmental consultants that have initiated physical and environmental data collection. Once completed, together with all the necessary permits and approvals, construction is expected to be completed in 36 months.

  150 MW Coal-fired Power Plant in Misamis Oriental. On June 28, 2010, AboitizPower and its partners in STEAG Power, 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 another unit.

  13.6 MW Tudaya 1 and 2 Hydro Power Plant Project. 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 plant, tapping the same water resource, which are the Sibulan and Baroring rivers. The two plants will have a combined capacity of 13.6 MW. Hedcor Tudaya is currently working on obtaining the water permits and environmental clearances. Target groundbreaking is by third quarter of 2011. Construction is estimated to be completed in 20 months.

  11.5 MW Hedcor Tamugan Hydro Power Plant Project. In 2010, wholly owned subsidiary, Hedcor Tamugan, has reached an agreement with the Davao City Water District (DCWD) 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 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 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.

- 100%-owned subsidiary Hedcor, Inc. (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 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.

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

The Company continues to closely evaluate the investment viability of the remaining power generation assets that Power Sector Assets and Liabilities Management Corporation (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

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 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 & Power Company's (Cotabato Light) 4-year regulatory period commenced on April 1, 2009 and ends on March 30, 2013. The ERC issued its final determination on Cotabato Light's application for approval of its annual revenue requirement and performance incentive scheme under the PBR scheme covering the second year of the 4-year regulatory period. Last December 2010, Cotabato Light submitted for ERC approval its rate translation adjustments covering the third year of its regulatory period. Cotabato Light is the first distribution utility in the AboitizPower group to implement this incentive-based scheme.

Visayan Electric Company, Inc. (VECO) and Davao Light are part of the third group (Group C) of private distribution utilities to shift to PBR. Both VECO and Davao Light started to implement their PBR approved rate structures in August 2010. Both companies are now preparing to file with the ERC for their rate translation adjustments for the second year of its 4 year regulatory period.

San Fernando Electric Light and Power Co., Inc. (SFELAPCO) and Subic Enerzone Corporation (SEZ) are part of the fourth batch (Group D) of private distribution utilities to enter PBR. For SFELAPCO and SEZ, the regulatory reset process is on its final stages and ERC is scheduled to release before the end of March 2011 its draft determination on the applications for annual revenue requirements and performance incentive schemes for the regulatory period October 2011 to September 2015. The draft determination will be subjected to public consultations before ERC releases its final determination on June 2011. Thereafter, SFELAPCO and SEZ will be filing their respective rate design applications for the first regulatory year to be implemented from October 2011 to September 2012.

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.

Market and Industry Developments

Open Access and Retail Competition

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.

As of date, the government was able to comply with the first four conditions for the implementation of Open Access and Retail Competition. Privatized NPC generating assets in Luzon and Visayas have reached approximately 92%. The only remaining condition that has to be met is the privatization of at least 70% of NPC's IPP contracts, which currently stands at approximately 68%.

Under the 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 Retail Electricity Supplier 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

- National Power Corpoation (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 the 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 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.

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, partnerships and continue to rationalize, redeploy and expand its branch network in strategic areas to maximize growth channels with respect to both deposits and loan accounts. In 2011, the bank aims to add six new branches to its end-2010 network of 186 branches.

UnionBank 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. 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.

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.

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.

On March 10, 2010, the Board of Directors of AEV approved the proposal to acquire up to 60% ownership of CitySavings, with the remaining 40% equity to be acquired by Pilmico. The combined purchase by AEV and Pilmico is valued at approximately ₱1.36 billion. The Monetary Board of the Bangko Sentral ng Pilipinas approved the transaction in November 2010. As of end-2010, AEV's effective ownership in CitySavings was 99.25%.

Food Manufacturing

In line with the company's 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. Completion is estimated by end of 2011. The company will likewise invest in a pneumatic unloader to improve its unloading capacity.

The expansion of Pilmico's Iligan feedmill was completed in July 2010, which involved the construction of a second production line. Commercial operation began in October 2010. The new production line has an estimated annual capacity of 115,000 metric tons, effectively doubling the total production capacity of the Iligan facility. In 2011, Pilmico is planning to construct silos to support the storage requirements of the second production line. Completion is expected after one year.

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 Pilmico Animal Nutrition Corporation's (PANC) Tarlac feedmill. PANC is a wholly owned subsidiary of Pilmico.

For its swine business, investments were largely made in expanding its breeding herds starting in 2009 where benefits were reaped starting in 2010. PANC aims to continue this expansion phase and plans to construct a nursery farm which will increase the take-off age of piglets, thereby improving mortality. The company also plans to build additional company-owned finisher farms given the efficiencies of the newly completed finisher farms that became operational in 2010.

Transport

On December 28, 2010, Negros Navigation Co. purchased the entire shareholdings of AEV and ACO in ATS at an equity valuation of USD105 million, or USD0.043 per share. Using agreed spot exchange rate, this translated to a ₱1.8813 per share acquisition price. With AEV's 77% stake in ATS, AEV received approximately ₱3.55 billion. The sale includes all the logistics and shipping businesses of ATS, except its interest in its joint venture companies with the Jebsen Group of Norway. AEV acquired, prior to closing, the 62.5 % equity stake of ATS in the ship management, manning and crew management and bulk transport businesses of the Aboitiz Jebsen group for approximately ₱356 million.

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 1 2 2011
Corporate Secretary	M. Jasmine S. Oporto
Signature and Title	First Vice President – Chief Legal Officer/ Corporate Secretary/ Compliance Officer
Date	MAY 1 2 2011

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AT MARCH 31, 2011 AND DECEMBER 31, 2010
(Amounts in Thousands)

	UNAUDITED MAR 2011	AUDITED DEC 2010
ASSETS		
Current Assets		
Cash and cash equivalents	**31,381,274**	26,097,203
Trade and other receivables - net	**15,671,884**	15,702,445
Current portion of derivative asset	**-**	7,670
Inventories - net	**4,319,592**	4,075,091
Other current assets	**1,796,961**	1,880,646
Total Current Assets	**53,169,711**	47,763,055
Noncurrent Assets		
Property, plant, and equipment - net	**77,537,870**	77,444,279
Intangible asset - service concession right	**945,523**	936,996
Investment properties - net	**401,694**	402,486
Investments and advances	**43,982,344**	44,849,975
Available-for-sale (AFS) investments	**70,387**	70,814
Goodwill	**1,639,515**	1,639,518
Pension asset	**173,922**	179,425
Deferred income tax assets	**270,945**	251,090
Other noncurrent assets - net	**1,513,041**	1,429,635
Total Noncurrent Assets	**126,535,241**	127,204,218
TOTAL ASSETS	**179,704,952**	174,967,273
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	**5,039,415**	5,667,340
Trade and other payables	**9,990,752**	10,560,377
Current portion of derivative liability	**11,231**	323
Dividends payable	**8,738**	8,681
Income tax payable	**618,698**	299,920
Current portion of long-term debt	**1,264,988**	1,552,022
Current portion of redeemable preferred shares	**1,000,000**	1,000,000
Current portion of obligations under finance lease	**1,096,680**	1,102,080
Current portion of obligations on Power Distribution System	**40,000**	40,000
Current portion of payable to preferred shareholder of a subsidiary	**4,225**	13,797
Total Current Liabilities	**19,074,727**	20,244,540
Noncurrent Liabilities		
Deposit liabilities of CSB	**3,683,745**	3,683,745
Long-term debt - net of current portion	**22,131,637**	22,347,765
Redeemable preferred shares	**500,000**	500,000
Obligations under finance lease - net of current portion	**48,007,194**	47,203,036
Obligations on Power Distribution System - net of current portion	**251,181**	242,559
Customers' deposits	**2,045,815**	2,011,285
Payable to preferred shareholder of a subsidiary	**45,790**	62,970
Pension liability	**18,740**	32,350
Deferred income tax liability	**447,288**	321,595
Total Noncurrent Liabilities	**77,131,390**	76,405,305
Total Liabilities	**96,206,117**	96,649,845
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	**6,545**	7,443
Share in cumulative translation adjustments of associates	**30,065**	44,606
Share in net unrealized gains (losses) on AFS investments and underwriting accounts of associates	**(338,989)**	314,840
Gain on dilution	**5,376,176**	5,376,176
Acquisition of minority interest	**(527,203)**	(527,203)
Retained earnings	**53,191,491**	48,586,535
Treasury stock at cost	**(1,295,163)**	(1,295,163)
	68,248,479	64,312,791
Non-controlling Interests	**15,250,356**	14,004,637
Total Equity	**83,498,835**	78,317,428
TOTAL LIABILITIES AND EQUITY	**179,704,952**	174,967,273

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2011 AND 2010
(Amounts in Thousands)
(UNAUDITED)

	JAN-MAR/11	JAN-MAR/10
REVENUES	**17,110,839**	22,744,076
COSTS AND EXPENSES	**11,148,286**	14,319,279
GROSS PROFIT	**5,962,553**	8,424,797
OTHER INCOME (CHARGES)		
Share in net earnings of associates	**1,655,446**	952,273
Interest income	**210,027**	25,980
Interest expense	**(1,821,023)**	(1,673,017)
Dividends on redeemable preferred	**(31,684)**	(31,649)
Other income	**354,718**	670,428
	367,484	(55,985)
INCOME BEFORE INCOME TAX	**6,330,037**	8,368,812
PROVISION FOR INCOME TAX	**472,280**	384,360
NET INCOME	**5,857,757**	7,984,452
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE PARENT	**4,604,957**	6,246,543
NON-CONTROLLING INTERESTS	**1,252,800**	1,737,909
	5,857,757	7,984,452
Earnings Per Common Share **		
Basic and diluted, for net income for the period attributable to ordinary equity holders of the parent	**0.834**	1.131

** 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, 2011 AND 2010
(Amounts in Thousands)
(UNAUDITED)

	JAN-MAR/11	JAN-MAR/10
Profit for the period attributable to:		
Equity holders of the parent	**4,604,957**	6,246,543
Non-controlling interests	**1,252,800**	1,737,909
Profit for the period	**5,857,757**	7,984,452
Other comprehensive income:		
Net unrealized valuation gains (losses) on AFS investments	**1,520**	(5,835)
Exchange differences in translating foreign-denominated transactions	**(336)**	5,481
Share in movement in net unrealized valuation gains (losses) on AFS investments of an associate	**(653,829)**	154,734
Share of other comprehensive loss of associates	**(18,593)**	(35,477)
Other comprehensive income (loss) for the period, net of tax (Schedules A & B)	**(671,238)**	118,903
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**5,186,519**	8,103,355
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
Equity holders of the parent	**3,935,688**	6,373,190
Non-controlling interests	**1,250,831**	1,730,165
	5,186,519	8,103,355

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2011 AND 2010
(Amounts in Thousands)
(UNAUDITED)

	JAN-MAR/11	JAN-MAR/10
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	**6,330,037**	8,368,812
Adjustments for:		
Share in net earnings of associates	**(1,655,446)**	(952,273)
Depreciation and amortization	**861,349**	1,031,089
Interest income	**(210,027)**	(25,980)
Interest expense and dividends on redeemable preferred shares	**1,852,707**	1,704,666
Dividend income	**-**	(82)
Provision for impairment loss on receivables	**37,396**	3,113
Unrealized fair valuation losses (gains) on derivatives	**18,578**	(11,904)
Provision for decline in value of various assets	**-**	5,652
Provision for retirement benefits	**1,779**	767
Unrealized foreign exchange gain	**(247,781)**	(751,504)
Loss on sale of available for sale investments	**5,682**	-
Gain on sale of property, plant & equipment	**(437)**	(4,719)
Operating income before working capital changes	**6,993,837**	9,367,637
Changes in:		
Increase in operating current assets	**(153,149)**	(7,167,990)
Increase (decrease) in operating current liabilities	**(346,304)**	2,372,390
Cash provided by operations	**6,494,384**	4,572,037
Income and final taxes paid	**18,739**	(293,041)
Net cash provided by operating activities	**6,513,123**	4,278,996
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends received	**2,056,057**	180,119
Interest received	**223,506**	40,502
Additions to investments	**(64)**	(690,630)
Collections of (payments for) advances to associates	**(205,337)**	1,445
Acquisitions of property, plant and equipment - net	**(925,672)**	(3,299,540)
Acquisitions of available for sale investments	**(6,154)**	(25)
Increase in intangible assets	**(20,278)**	(22,392)
Decrease (increase) in other assets	**(206,303)**	15,924
Net cash provided by (used in) investing activities	**915,755**	(3,774,597)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Settlements of bank loans	**(627,925)**	(198,634)
Proceeds from (payments of) long-term debt	**(503,163)**	500,401
Payments of finance lease obligation	**(275,500)**	(296,817)
Payments of payable to preferred shareholders of a subsidiary	**(46,559)**	(26,118)
Interest and dividends on redeemable preferred shares paid	**(681,609)**	(549,495)
Cash dividends paid to non-controlling interest	**(687)**	(207)
Net cash used in financing activities	**(2,135,443)**	(570,870)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**5,293,435**	(66,471)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	**(9,364)**	207,768
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**26,097,203**	5,582,228
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	**31,381,274**	5,723,525

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED MARCH 31, 2011 AND DECEMBER 31, 2010

	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 Minority 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-Mar 2011:														
Changes in minority interest												-	(4,426)	(4,426)
Cash dividends paid to 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**

	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 Minority Interest	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total
Balances at December 31, 2009	**5,694,600**	**-**	**5,791,324**	**15,647**	**(1,301)**	**88,118**	**(64,734)**	**5,376,176**	**(500,177)**	**29,592,606**	**(1,295,163)**	**44,697,096**	**9,945,115**	**54,642,211**
Changes in equity for Jan-Dec 2010:														
Acquisition of minority interest									288,158			288,158	(288,158)	-
Changes in minority interest												-	60,384	60,384
Cash dividends										(2,871,373)		(2,871,373)		(2,871,373)
Cash dividends paid to non-controlling interest												-	(746,037)	(746,037)
Step acquisition of an associate to a subsidiary												-	8,142	8,142
Disposal of a subsidiary			319,633	(14,653)	61				(315,184)			(10,143)	(917,835)	(927,978)
Total comprehensive income for the year	-	-	-	6,449	1,240	(43,512)	379,574	0	-	21,865,302	-	22,209,053	5,943,026	28,152,079
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**

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

	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, 2009	**5,694,600**	**-**	**5,791,324**	**15,647**	**(1,301)**	**88,118**	**(64,734)**	**5,376,176**	**(500,177)**	**29,592,606**	**(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	5,145	(33,385)	154,734	0	-	6,246,543	-	6,373,190	1,730,165	8,103,355
Balances at March 31, 2010	**5,694,600**	**-**	**5,791,324**	**15,800**	**3,844**	**54,733**	**90,000**	**5,376,176**	**(500,177)**	**35,839,149**	**(1,295,163)**	**51,070,286**	**11,672,418**	**62,742,704**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
FINANCIAL STATEMENT SCHEDULES AND DISCLOSURES
AT MARCH 31, 2011 AND DECEMBER 31, 2010
(peso amounts in thousands)

A. COMPONENTS OF OTHER COMPREHENSIVE INCOME

		JAN-MAR/11		JAN-MAR/10
Available-for-sale financial assets:				
Net unrealized valuation gains (losses) arising during the period	**1,520**		(5,835)	
Less: Reclassification adjustments for losses included in profit or loss	-	**1,520**	-	(5,835)
Exchange differences in translating foreign-denominated transactions		**(336)**		5,481
Share in movement in net unrealized valuation gains (losses) on AFS investments of an associate		**(653,829)**		154,734
Share in movement in cumulative translation adjustments of associates		**(18,593)**		(35,477)
Other comprehensive income		**(671,238)**		118,903
Income tax relating to components of other comprehensive income		**-**		-
Other comprehensive income for the period		**(671,238)**		118,903

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

	JAN-MAR/11			JAN-MAR/10		
	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	**1,520**	**-**	**1,520**	(5,835)	-	(5,835)
Exchange differences in translating foreign-denominated transactions	**(336)**	**-**	**(336)**	5,481	-	5,481
Share in movement in net unrealized valuation gains (losses) on AFS investments of an associate	**(653,829)**	**-**	**(653,829)**	154,734	-	154,734
Share in movement in cumulative translation adjustments of associates	**(18,593)**	**-**	**(18,593)**	(35,477)	-	(35,477)
Other comprehensive income for the period	**(671,238)**	**-**	**(671,238)**	118,903	-	118,903

C. INVESTMENTS AND ADVANCES

	% OWNERSHIP 2011	MAR 2011	DEC 2010
Investments in shares of stock			
At equity			
Acquisition cost:			
Union Bank of the Philippines	40.91%	**5,154,421**	5,154,421
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.	55.19%	**657,569**	657,505
Manila Oslo Renewable Enterprise, Inc.	83.33%	**8,688,926**	8,688,926
East Asia Utilities Corporation	50.00%	**217,551**	217,551
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
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
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
Jade Ocean Ship Management, Inc.	0.00%	**3,600**	3,600
JAIB, Inc.	49.00%	**1,884**	1,884
Balance at end of period		**25,274,832**	25,274,768
Accumulated share in net earnings:			
Balance, beginning of year		**16,339,566**	12,238,895
Share in net earnings for the period		**1,655,446**	6,883,363
Disposals during the period		**-**	(450,222)
Step-acquisition to subsidiary			(199,564)
Accumulated equity of associates owned by disposed subsidiaries			5,947
Cash dividends received		**(2,056,057)**	(2,138,853)
Balance, end of period		**15,938,956**	16,339,566
Gain on dilution		**1,014,136**	1,014,136
Share in net unrealized gains (losses) on available-for-sale investments of an associate		**(331,544)**	322,285
Share in cumulative translation adjustments of associates		**39,330**	57,922
		41,935,710	43,008,678
Allowance for impairment losses		**(28,995)**	(28,995)
Investments, at equity		**41,906,715**	42,979,683
Advances to investees		**2,075,629**	1,870,292
		43,982,344	44,849,975

D. ACCOUNTS PAYABLE & ACCRUED EXPENSES

Trade	2,403,483
DOSRI	-
Others	7,587,270
TOTAL	**9,990,753**

E. SHORT-TERM LOANS

	Effective Interest Rate	MAR 2011	DEC 2010
Financial institutions - unsecured:			
Peso loans	3.5% - 4.25%	**4,798,600**	5,459,100
US dollar loans	4% - 4.13%	**240,815**	208,240
		5,039,415	5,667,340

F. LONG-TERM LOANS

	Effective Interest Rate	MAR 2011	DEC 2010
Company:			
Financial institutions - unsecured			
Peso denominated loans	2.46% - 8.25%	**4,200,000**	4,600,000
Non-financial institutions			-
		4,200,000	4,600,000
Subsidiaries:			
AP and subsidiaries:			
AP Parent			
Financial and non-institutions - unsecured			
Fixed rate notes	8.78%	**3,330,000**	3,330,000
Fixed rate notes	9.33%	**548,800**	548,800
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%-6.71%	**586,666**	636,433
HEDCOR, INC.			
Financial institution - secured	8.36%	**516,800**	549,100
HEDCOR SIBULAN, INC.			
Financial institutions - secured	8.52%	**3,438,473**	3,570,000
SEZC			
Financial institution - secured	8.26% - 10.02%	**0**	118,626
BEZC			
Financial institution - secured	7.50%	**70,000**	70,000
		16,490,739	16,822,959
Less deferred financing costs		**115,435**	119,846
		16,375,304	16,703,113
PILMICO and subsidiary:			
PILMICO			
Financial institutions - secured	2.66% - 7.75%	**260,833**	310,000
PANC			
Financial institution - secured	7.22%	**150,000**	162,500
		410,833	472,500
CITY SAVINGS BANK			
Financial institutions	5.23% - 10.10%	**1,496,646**	1,428,422
Non-financial institutions	4.00% - 8.5%	**913,841**	695,752
		2,410,487	2,124,174
Total		**23,396,624**	23,899,787
Less: Current portion		**1,264,988**	1,552,022
		22,131,636	22,347,765

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 2011	MAR 2010
a. Net income attributable to equity holders of the parent	**4,604,957**	6,246,543
b. Average number of outstanding shares	**5,521,871,821**	5,521,871,821
c. Earnings per share (a/b)	**0.834**	1.131

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 2011	Jan-Mar 2010	**Jan-Mar 2011**	Jan-Mar 2010	**Jan-Mar 2011**	Jan-Mar 2010	**Jan-Mar 2011**	Jan-Mar 2010	**Jan-Mar 2011**	Jan-Mar 2010	**Jan-Mar 2011**	Jan-Mar 2010	**Jan-Mar 2011**	Jan-Mar 2010
REVENUES	**12,939,407**	16,600,552	**403,802**	-	**3,538,568**	2,920,681	**134,472**	3,139,382	**153,667**	88,664	**(59,077)**	(5,203)	**17,110,839**	22,744,076
RESULT														
Segment results	**5,370,743**	8,116,725	**145,205**	-	**380,118**	494,087	**17,759**	(180,034)	**22,892**	(8,680)	**25,836**	2,699	**5,962,553**	8,424,797
Unallocated corporate income (expenses)	**308,075**	629,687	**3,410**	-	**(1,027)**	1,695	**8,820**	754	**61,275**	40,991	**(25,836)**	(2,699)	**354,717**	670,428
INCOME FROM OPERATIONS													**6,317,270**	9,095,225
Interest Expense & Dividends on Redeemable Preferred	**(1,716,141)**	(1,588,586)	**-**	-	**(25,783)**	(16,055)	**(2,341)**	(29,329)	**(108,441)**	(70,696)	**-**	-	**(1,852,707)**	(1,704,666)
Interest Income	**143,002**	11,838	**-**	-	**1,188**	970	**891**	1,595	**64,946**	11,577	**-**	-	**210,027**	25,980
Share in net earnings of associates	**1,362,940**	591,175	**289,734**	356,564	**41,271**	-	**2,680**	5,566	**4,297,853**	5,941,719	**(4,339,032)**	(5,942,751)	**1,655,446**	952,273
Provision for Income tax	**(322,259)**	(329,550)	**(45,429)**	-	**(72,237)**	(108,276)	**(11,348)**	74,419	**(21,006)**	(20,953)	**-**	-	**(472,280)**	(384,360)
NET INCOME													**5,857,757**	7,984,452

OTHER INFORMATION	**Mar 2011**	Dec 2010	**Mar 2011**	Dec 2010	**Mar 2011**	Dec 2010	**Mar 2011**	Dec 2010	**Mar 2011**	Dec 2010	**Mar 2011**	Dec 2010	**Mar 2011**	Dec 2010
Segment assets	**33,443,520**	27,920,247	**9,193,499**	8,807,494	**3,768,597**	3,902,809	**462,106**	640,866	**6,329,932**	7,079,304	**(27,943)**	(587,666)	**53,169,711**	47,763,054
Investments and advances	**28,390,130**	28,896,439	**15,457,171**	15,821,266	**957,257**	915,986	**9,007**	6,327	**52,501,284**	48,217,247	**(53,332,505)**	(49,007,290)	**43,982,344**	44,849,975
Unallocated corporate assets	**77,849,982**	77,847,256	**238,347**	227,794	**2,561,925**	2,405,626	**83,997**	93,414	**1,175,137**	1,136,641	**643,509**	643,513	**82,552,897**	82,354,243
Consolidated total assets													**179,704,951**	174,967,272
Segment liabilities	**75,864,945**	76,305,892	**7,914,163**	7,664,689	**4,439,343**	4,763,077	**436,037**	626,580	**6,464,396**	7,192,944	**2,506**	(557,202)	**95,121,391**	95,995,980
Unallocated corporate liabilities	**850,317**	516,770	**112,869**	68,971	**113,214**	49,651	**7,803**	17,999	**524**	474	**-**	-	**1,084,727**	653,865
Consolidated total liabilities													**96,206,117**	96,649,845

	Jan-Mar 2011	Jan-Mar 2010	**Jan-Mar 2011**	Jan-Mar 2010	**Jan-Mar 2011**	Jan-Mar 2010	**Jan-Mar 2011**	Jan-Mar 2010	**Jan-Mar 2011**	Jan-Mar 2010	**Jan-Mar 2011**	Jan-Mar 2010	**Jan-Mar 2011**	Jan-Mar 2010
Depreciation	**769,585**	686,131	**10,142**	-	**55,124**	45,895	**5,059**	280,019	**21,438**	19,044	**-**	-	**861,349**	1,031,089

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, 2011, 1.2% of the Group's long-term debt had floating interest rates ranging from 2.46% to 6.71%, and 98.8% are with fixed rates ranging from 5.23% to 10.10%. As of December 31, 2010, 1.8% of the Group's long-term debt had floating interest rates ranging from 2.46% to 6.71%, and 98.2% are with fixed rates ranging from 5.23% 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, 2011

	< 1 year	**1 - 5 years**	**> 5 years**	**Total**
Floating rate - long-term debt	**421,333**	**376,742**	**-**	**798,075**
Fixed rate - long-term debt	**843,655**	**16,687,553**	**5,067,342**	**22,598,549**
Payable to preferred shareholders of a subsidiary - floating	**4,225**	**45,790**	**-**	**50,015**
Redeemable preferred shares - fixed	**1,000,000**	**500,000**	**-**	**1,500,000**
	2,269,213	**17,610,085**	**5,067,342**	**24,946,639**

As of December 31, 2010

	< 1 year	1 - 5 years	> 5 years	Total
Floating rate - long-term debt	821,333	431,100		1,252,433
Fixed rate - long-term debt	730,689	16,890,764	5,025,901	22,647,354
Payable to preferred shareholders of a subsidiary - floating	13,797	62,970		76,767
Redeemable preferred shares - fixed	1,000,000	500,000		1,500,000
	2,565,819	17,884,834	5,025,901	25,476,554

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 2011	**MAR 2010**
Long term debt	**442,770**	329,736
Bank loans	**33,029**	57,393
Customers' deposits	**953**	1,485
Obligations under finance lease	**1,331,402**	1,253,847
Long-term obligation on PDS	**8,622**	8,775
Advances from related parties	**4,248**	21,781
	1,821,024	1,673,017

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, 2011 and 2010:

	Increase/decrease in basis points	Effect on income before tax
Mar 2011	100	(2,091)
	(50)	1,046
Mar 2010	100	(4,066)
	(50)	(2,033)

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, 2011 and December 31, 2010, foreign currency denominated borrowings account for 30.78% and 37.2%, respectively, of total consolidated borrowings.

	MARCH 31, 2011		DECEMBER 31, 2010	
	US Dollar	**Peso Equivalent**[1]	US Dollar	Peso Equivalent[2]
Current Financial Assets				
Cash and cash equivalents	**11,965**	**519,156**	10,801	473,494
Trade and other receivables	**5,527**	**239,817**	9,233	404,775
Amounts owed by related parties	**13,402**	**581,513**	13,402	587,544
Total Financial Assets	**30,894**	**1,340,485**	33,436	1,465,813
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Current Financial Liabilities				
Bank loans	**5,550**	**240,815**	4,750	208,240
Trade and other payables	**10,067**	**436,807**	11,436	501,354
Advances from shipping principals	**-**	**-**	90	3,946
Obligations under finance lease	**562,540**	**24,408,615**	563,388	24,698,930
Total Financial Liabilities	**578,157**	**25,086,237**	579,664	25,412,470
Net foreign currency denominated assets (liabilities)	**(547,263)**	**(23,745,752)**	(546,228)	(23,946,657)
[1]USD1 =	43.39			
[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, 2011.

	Increase (decrease) in US dollar rate	Effect on income before income tax
US dollar denominated accounts	5%	(1,187,288)
US dollar denominated accounts	-5%	1,187,288

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, 2011 and December 31, 2010, 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, 2011 and December 31, 2010, the portion of the total long-term debt that will mature in less than one year is 4.21% and 4.79%, 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 P29,322,656 and P8,567,382 as of March 31, 2011 and P24,279,760 and P8,731,798 as of December 31, 2010, 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 as of March 31, 2011 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):

		Contractual undiscounted principal payments				
	Total Carrying Value	**Total**	On demand	Less than 1 year	1 to 5 years	> 5 years
Financial Liabilities						
Operating						
Trade and other payables	**6,118,308**	**6,118,308**		6,118,308		
Customers' deposits	**2,045,815**	**2,045,815**	-	-	52,978	1,992,837
Financing						
Bank loans	**5,039,415**	**5,039,415**	-	5,039,415	-	-
Long-term debt	**20,986,137**	**21,101,572**	-	1,002,103	15,270,774	4,828,696
Obligations under finance lease	**49,103,874**	**110,574,589**	-	1,096,680	17,823,792	91,654,117
Obligations on power distribution system	**291,181**	**680,000**	-	40,000	200,000	440,000
Redeemable preferred shares	**1,500,000**	**1,500,000**	-	1,000,000	500,000	-
Others						
Derivative liabilities	**11,231**	**11,231**	-	11,231	-	-
Payable to preferred shareholder of a subsidiary	**50,015**	**124,280**	-	31,070	93,210	-
Total	**85,145,976**	**147,195,210**	**-**	14,338,807	33,940,754	98,915,650

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, 2011 and December 31, 2010.

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, 2011 and December 31, 2010, 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, 2011 and December 31, 2010 are as follows:

	MAR 2011	**DEC 2010**
Bank Loans	**5,039,415**	7,347,281
Long - term debt	**74,050,514**	73,781,670
Temporary advances from (to) related parties	**-**	(2,850)
Cash and cash equivalents	**(31,381,274)**	(26,097,203)
Net Debt (a)	**47,708,655**	55,028,898
Equity attributable to equity holders of the parent	**83,498,834**	78,317,428
Equity and Net Debt (b)	**131,207,489**	133,346,326
Gearing Ratio (a/b)	**36.36%**	41.27%

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, 2011		DECEMBER 31, 2010	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets				
Cash				
Cash and cash equivalents	**31,381,274**	**31,381,274**	26,097,203	26,097,203
Loans and receivables				
Trade and other receivables	**15,671,884**	**15,671,884**	15,702,444	15,702,444
	47,053,158	**47,053,158**	41,799,647	41,799,647
AFS				
AFS investments	**70,387**	**70,387**	70,814	70,814
Derivative Asset	**-**	**-**	7,670	7,670
Total	**47,123,545**	**47,123,545**	41,878,131	41,878,131

	MARCH 31, 2011		DECEMBER 31, 2010	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial liabilities				
Other financial liabilities				
Bank loans	**5,039,415**	**5,039,415**	5,667,340	5,667,340
Trade and other payables	**7,938,239**	**7,938,239**	8,484,580	8,484,580
Derivative liability	**11,231**	**11,231**	323	323
Deposit liabilities - net of current portion	**3,683,745**	**3,683,745**	3,683,745	3,517,951
Customers' deposits	**2,045,815**	**2,045,815**	2,011,285	2,011,285
Obligations on power distribution system	**291,181**	**421,679**	282,559	413,057
Obligations under finance leases				
Fixed rate	**49,103,874**	**59,066,806**	48,305,116	58,268,048
Long-term debt				
Fixed rate	**22,598,549**	**23,300,192**	22,647,354	24,657,291
Floating rate	**798,075**	**798,075**	1,252,433	1,252,433
Payable to preferred shareholder of a subsidiary (floating rate)	**50,015**	**50,015**	76,767	76,767
Redeemable preferred shares				
Fixed rate	**1,500,000**	**1,554,293**	1,500,000	1,573,043
Total	**93,060,139**	**103,909,505**	**93,911,502**	**105,922,118**

As of March 31, 2011 and December 31, 2010, 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 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 24 (Amended), *Related Party Disclosures*
The amended standard is effective for annual periods beginning on or after January 1, 2011. It clarified the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in its application. The revised standard introduces a partial exemption of disclosure requirements for government-related entities.

PAS 32, *Financial Instruments: Presentation (Amendment)* - Classification of Rights Issues
The amendment to PAS 32 is effective for annual periods beginning on or after February 1, 2010 and amended the definition of a financial liability in order to classify rights issues (and certain options or warrants) as equity instruments in cases where such rights are given pro rata to all of the existing owners of the same class of an entity's non-derivative equity instruments, or to acquire a fixed number of the entity's own equity instruments for a fixed amount in any currency.

PFRS 7, *Financial Instruments: Disclosures (Amendments) - Disclosures - Transfers of Financial Assets*
The amendments to PFRS 7 are effective for annual periods beginning on or after July 1, 2010. The amendments will

Philippine Interpretation IFRIC 14 (Amendment) - *Prepayments of a Minimum Funding Requirement*
The amendment to Philippine Interpretation IFRIC 14 is effective for annual periods beginning on or after January 1, 2011, with retrospective application. The amendment provides guidance on assessing the recoverable amount of a net pension asset. The amendment permits an entity to treat the prepayment of a minimum funding requirement as an asset.

Philippine Interpretation IFRIC 19, *Extinguishing Financial Liabilities with Equity Instruments*
Philippine Interpretation IFRIC 19 is effective for annual periods beginning on or after July 1, 2010. The Interpretation clarifies that equity instruments issued to a creditor to extinguish a financial liability qualify as consideration paid. The equity instruments issued are measured at their fair value. In case that this cannot be reliably measured, the instruments are measured at the fair value of the liability extinguished. Any gain or loss is recognized immediately in the consolidated statement of income.

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 3, 2011, 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 17, 2011, payable on April 5, 2011.

Except for the above development 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 31/2011
(amts in P000's)

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Transport Services	195,937	11,172	8,097	28,898	244,104
Power	3,604,642	389,420	253,128	1,997,663	6,244,853
Banking	1,122,730	921,946	845,097	3,827,523	6,717,296
Food Manufacturing	905,984	11,619	(1,608)	32,578	948,573
Holding and Others	126,729	6,647	1,903	51,623	186,902
	5,956,022	**1,340,804**	**1,106,617**	**5,938,285**	**14,341,728**
Insurance and Other Claims	11,789	501	(209)	1,634	13,715
Related Parties	0	0	0	0	0
Others	1,133,368	234,705	78,649	463,853	1,910,575
	7,101,179	**1,576,010**	**1,185,057**	**6,403,772**	**16,266,018**
Less Allowance for Doubtful Accounts					**594,134**
					15,671,884

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