

COVER SHEET

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S.E.C. Registration Number

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(Company's Full Name)

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

LEAH I. GERALDEZ														
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Contact Person

(032) 411-1800									
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Company Telephone Number

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Month Day

Fiscal Year

3rd Quarterly Report

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FORM TYPE

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Month Day

Annual Meeting

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Secondary License Type, if Applicable

S	E	C
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Dept. Requiring this Doc

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Amended Articles Number/Section

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Total No. of Stockholders

X

Domestic

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Foreign



To be accomplished by SEC Personnel concerned

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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 September 30, 2009
2. Commission identification number CE02536 3. BIR Tax Identification No. 003-828-269-V
4. Exact name of issuer as specified in its charter ABOITIZ EQUITY VENTURES, INC.
5. Province, country or other jurisdiction of incorporation or organization Cebu City, Philippines
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office Postal Code
Gov. Manuel A. Cuenco Avenue, Kasambagan, Cebu City, Philippines 6000
8. Issuer's telephone number, including area code
(032) 2312580
9. Former name, former address and former fiscal year, if changed since last report
N.A.

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
<u>Common stock, P1.00 par value</u>	<u>5,574,942,121</u>
<u>Total debt</u>	<u>P42,341,235,111</u>

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 [] No []

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [] No []

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the financial statements and schedules attached herewith

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

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

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

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

With the planned sale of the Company's investment in Aboitiz Transport System (ATSC) Corp. (ATS) in 2009 and in compliance with new accounting standards, the December 2008 assets and liabilities of ATS Group, except Aboitiz Jebsen Group, are reported separately as a disposal group held for sale. Since the planned sale did not push through as of April 2009, the September 30, 2009 assets and liabilities of ATS Group are now reflected on a line-by-line consolidation basis.

Top Five Key Performance Indicators

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

1. EQUITY IN NET EARNINGS OF INVESTEEES

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.

KEY PERFORMANCE INDICATORS

(Amount in thousands except financial ratio data)

	Sept 30/2009	Sept 30/2008 (Restated)	Dec 31/2008
EQUITY IN NET EARNINGS OF INVESTEEES	3,169,788	2,504,233	
EBITDA	10,014,930	6,181,640	
CASH FLOW GENERATED:			
Net cash provided by operating activities	7,285,652	123,060	
Net cash used in investing activities	(23,390,606)	(6,075,188)	
Net cash provided by (used in) financing activities	7,108,230	(3,623,652)	
Net Decrease in Cash & Cash Equivalent	(8,996,724)	(9,575,780)	
Cash & Cash Equivalent, Beginning	16,619,181	18,568,226	
Cash & Cash Equivalent, End	7,583,577	8,980,489	
CURRENT RATIO	0.90		1.93
DEBT-TO-EQUITY RATIO	0.81		0.62

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

First nine months 2009 equity in net earnings of investees registered a 27% year-on-year (YoY) improvement mainly due to the substantial increase in the income contribution of the banking associates. The banks generated higher net interest margins, trading gains and other non-interest

revenues during the current period. This growth more than offset the decline in earnings contribution of certain power associates.

The increase in the share in net earnings of associates and the marked improvement in the profit margins of all the subsidiaries correspondingly resulted in the 62% YoY growth of January-September 2009 EBITDA.

Current ratio declined and debt-to-equity ratio increased from year-end 2008 levels mainly due to AP's deployment of funds and issuance of additional fixed-rate notes and retail bonds to finance its various investing activities during the current period.

Despite today's challenging economic environment and external market volatilities, management teams across the Group continue to effectively handle and monitor their respective operating performances and financial requirements. This results in the generation of positive cash inflows from operations and raising of the needed funds to finance various investments and projects, still registering healthy financial ratios in the process. This strong financial position enables the Group to deliver higher value directly to its shareholders while continuing to invest in its growth opportunities.

Financial Results of Operations

For the first nine months of 2009, AEV and subsidiaries posted a consolidated net income of P5.87 billion, recording an increase of 74% YoY. This translates to an earnings per share of P1.05, 75% higher than that of the previous comparable period. The power group still accounted for the lion's share at 54%, followed by the banking group at 26%, the food group at 14% and the transport group at 6%. Higher income contributions from all industry groups accounted for the improvement in the current period's consolidated bottomline.

For the period in review, the group had a non-recurring net gain of P543 million, versus last year's P161 million non-recurring net loss. Aside from an P10 million foreign exchange gain at the parent and subsidiary levels, the company realized a non-recurring income of P633 million, which comprised of (1) a P575 million reversal of impairment provision to adjust the carrying amount of the assets of Aboitiz Transport System Corporation (ATS) in consideration of the termination of the planned sale of ATS and, (2) a P58 million booked revenue (net of tax), which represents the option money paid to AEV for the same planned ATS sale. Likewise, ATS booked gains on the sale of one of its vessels and its logistics business while Aboitiz Power Corporation (AP) booked one-off costs related to the acquisition of the Tiwi-Makban geothermal power plants, contributing P41 million to AEV's non-recurring gains and P141 million to non-recurring expenses, respectively. Sans these one-off items, the group's recurring net income still recorded a robust growth of 51% YoY, from P3.54 billion to P5.33 billion.

Power

Income contribution by AP amounted to P2.88 billion, recording a 20% YoY increase. When adjusted for non-recurring items, the power group recorded a 16% YoY contribution rise to P3.02 billion for the period in review.

Despite lower spot market prices, the power generation business recorded a 50% YoY expansion in earnings contribution, from P1.50 billion to P2.26 billion, for the period YTD September 2009. The strong showing was on the back of a 91% YOY increase in total attributable power sales, from 1,300 GwH to 2,489 GwH. The expansion mainly came from the improved generation of the hydro assets, which resulted from the higher rainfall during the year and the full nine months operation of the 100 MW Binga hydropower plant. In addition, the Tiwi-Makban geothermal power plants, which were turned over in May 2009, contributed 1,022 GwH, accounting for 41% of the power generation's energy sales for the period. As of end-September 2009, AP's attributable capacity was at 1,040

MW, posting an 80% YOY increase. The growth was due to the turnover of the Tiwi-Makban geothermal power plants in May 2009, which has an estimated sustainable capacity of 462 MW.

On the other hand, the power distribution group's electricity sales for the first nine months of the year grew by 6% YOY, from 2,329 GwH to 2,460 GwH. The attributable power consumption of residential and non-residential customers improved by 7% and 5%, respectively. Customer base still grew with the residential segment increasing by 5% and the non-residential inching up by 1%. Despite the substantial volume growth recorded, the group's income contribution to AEV remained flat at P847 million. The impact of the under recovery of cost of purchased power by the utilities in March 2009 negated the strong gain recorded by the group in the third quarter.

Financial Services

Income contribution from the financial services group registered a hefty 115% YoY improvement, from previous year's P651 million to P1.40 billion. Union Bank of the Philippines (UBP) ended the period with an earnings contribution of P1.34 billion, up by 115% YoY, while City Savings Bank (CSB), contributed earnings of P56 million, up 113% YoY.

A 101% YoY increase in UBP's net income for the period, coupled with the increase in AEV's equity ownership to roughly 39%, led to the higher contribution. Interest income for the period increased by 27% YoY to P9.1 billion. This was mainly attributable to a 40% YOY expansion in interest earnings on loans and receivables to P5.2 billion. The bank's loan portfolio recorded a 12% YoY increase, from P71.0 billion to P79.7 billion, as efforts on accounts acquisition were implemented in the corporate, commercial and consumer finance market segments. Interest earnings from investments and trading securities improved by 14% YoY to P3.1 billion. Net interest income rose by 13% YoY, from P4.3 billion to P4.8 billion, despite the 49% YoY increase in total interest expense brought about by the bank's higher deposit level. Higher net securities and foreign exchange trading gains led to a 171% YOY increase in the bank's other income. Meanwhile, other expenses only grew by 14% as UBP continued to implement cost containment and efficiency improvements.

The increase in CSB's contributed earnings could be attributed mainly to the bank's loan volumes expansion for the period which translated to a 64% spike in interest income. It ended the current period with a total loan book of P4.7 billion, up 38% from P3.4 billion in the same period last year.

Transport

The transport group shored in a robust income contribution of P331 million, a marked improvement over last year's net loss contribution of P32 million. This was mainly attributable to the 35% YoY reduction in fuel costs, ATS' single largest expense. This correspondingly resulted in the 16% decrease in consolidated operating costs and expenses which more than offset the 8% drop in revenues resulting from the loss of one of its ships and the subsequent temporary suspension of all its ro-ro-passenger vessels in September 2009, and the decline in its international chartering business.

Food

Earnings contribution of Pilmico Foods Corporation (Pilmico), AEV's non-listed food subsidiary, amounted to P734 million, up 97% YoY. Despite a 7% YoY rise in volumes, the flour business recorded a 4% YoY earnings reduction due to lower average selling prices realized in the period. Lower sales volume and average selling prices resulted in a 43% YoY drop in the swine business' earnings. Feeds, in the meantime, recorded a significant jump in earnings on the back of an 18% YoY increase in sales volume coupled with improved margins that resulted from higher average selling prices and freight cost savings due to the operation of the Iligan feedmill. This growth outpaced the decline in income of both flour and swine businesses, resulting to the over-all improvement of the food group's bottomline for the period under review.

Material Changes in Line Items of Registrant's Income Statement

For the nine-month period ended September 30, 2009, consolidated net income attributable to equity holders registered a 74% growth, reaching P5.87 billion from the P3.38 billion posted in the same period last year.

Gross profit for the current period amounted to P4.67 billion, a 149% increase from the P1.88 billion generated during previous year's comparable period. This improvement was brought about by the P4.17 billion increase in consolidated revenues, which more than offset the P1.39 billion increase in costs and expenses. All the industry groups recorded higher operating margins during the current period.

Power subsidiaries reported a combined 109% YoY increase in operating margins resulting from the 49% growth in consolidated revenues which surpassed the corresponding hike in costs and expenses. Improvement in revenues was largely due to the fresh contribution of AP Renewables Inc. (APRI) which took over operations of Tiwi-Makban geothermal power plants in May, 2009. APRI's share accounted for 84% of the increase in operating revenues. The rest of the increase could be attributed to the spike in revenues of Davao Light & Power Company Inc. (DLP) and Cotabato Light & Power Company (CLP) as they passed on their higher cost of purchased power and of Subic Enerzone Corporation (SEZ) resulting from the implementation of its approved unbundled rates and higher volume sales. The 36% rise in consolidated costs and expenses was mainly due to the incremental operating costs of APRI and the higher costs of purchased power of distribution subsidiaries resulting from the approved NPC rate increase in March 2009.

Food group reported a 48% YoY increase in margins (P968 million vs P652 million) as revenues increased by P326 million while costs and expenses rose only by P10 million. The 4% boost in sales was largely attributed to the improved selling prices and increase in sales volume of feeds. The substantial growth in feeds sale outpaced the decrease in both flour and swine sales. Costs and expenses did not increase as much since higher costs of sales was partially tempered by the decrease in freight costs resulting from the operation of the Iligan feedmill that caters to the Visayas-Mindanao feeds demand.

Transport group registered a 330% increase in operating margins, from a P224 million loss during the 1st nine months of 2008 to P516 million profit during the current period. This turnaround performance was achieved on the back of a 16% drop in costs and expenses (P8.15 billion vs P9.65 billion) which more than offset the 8% decline in revenues (P8.67 billion vs P9.43 billion). The decrease in costs and expenses was mainly due to the 27% drop in operating costs as fuel prices declined. The decrease in both freight and passage revenues due to the slowdown of its international charter business and the loss of one ship and the temporary suspension of vessels in September 2009 resulted in lower consolidated revenues for the current period under review.

Share in net earnings of associates registered a 26% YoY improvement (P3.17 billion vs P2.50 billion) primarily due to the substantial increase in the income contribution of the banking associates. The banks generated higher net interest margins, trading gains and other non-interest revenues during the current period. Increase in AEV's equity ownership in UBP from 36.34% to 38.66% also contributed to the growth. This improvement more than made up for the decline in earnings contribution of certain power associates brought about by 40% drop in Japanese Power Utilities (JPU) Index which resulted in the decrease of STEAG State Power Inc.'s (STEAG) JPU-indexed coal margins, and the one-month lag in recovery of the NPC rate increase in March 2009 which resulted in the drop in margins of two distribution associates, Visayan Electric Company, Inc. (VECO) and San Fernando Electric Light and Power Co. Inc. (SFELAPCO).

The overall growth in consolidated gross profit was further boosted by the 85% increase in other income (P1.13 billion vs. P611 million) resulting from the Company's reversal in the first quarter of

2009 of the P575 million impairment provision set up in 2008 on its ATS investment and the recognition as revenue of the P83 million forfeited option money resulting from the termination of the planned sale of its ATS investment in April 2009. This increase was offset by the 15% decrease (P462 million vs. P545 million) in interest income due to lower cash balances, and the 192% spike in finance expense (P1.70 billion vs. P583 million) attributed to higher average debt level in 2009.

The 33% increase in net income attributable to minority interests was mainly due to the improvement in ATS's January – to September 2009 net income, 23% of which belongs to minority shareholders.

Changes in Registrant's Resources, Liabilities and Shareholders Equity

Assets

Compared to year-end 2008 levels, consolidated assets increased 25% to P94.82 billion as of September 30, 2009 due to the following:

- a. Inclusive those of the disposal group as of year-end 2008, Trade and Other Receivables increased by 30% from P4.49 billion to P5.82 billion, primarily due to the newly-consolidated trade receivables of APRI and the higher non-trade receivables of the transport group.
- b. Inclusive those of the disposal group as of year-end 2008, Other Current Assets increased by 16% from P1.89 billion to P2.18 billion substantially due to higher unapplied VAT input taxes and accumulation of unutilized prepaid taxes. These prepaid taxes represent creditable taxes withheld by customers and can be used as payment of future income taxes.
- c. Inclusive those of the disposal group as of year-end 2008, Property, Plant & Equipment (PPE) registered an increase of 160%, from P13.15 billion to P34.22 billion, primarily due to the newly-acquired P19.4 billion Tiwi-Makban geothermal power plants and the additional P1.4 billion costs incurred in the on-going construction of the 42.5 MW Sibulan hydropower plant in Davao del Sur.
- d. Intangible Asset – Steam Development Cost with a balance of P193 million is a new account set up in 2009 by the newly-consolidated APRI. This represents the unamortized capitalized costs related to the development of its steam generation asset.
- e. Inclusive those of the disposal group as of year-end 2008, Investments and Advances totalled P37.39 billion, up by 15% from year-end 2008 level of P32.64 billion. This increase was mainly attributed to the following: i.) purchase of P297 million worth of UBP shares; ii.) extension of stockholder's advance amounting to P1.3 billion to Cebu Energy Development Corporation, the project company for the 3X82 MW coal plant in Toledo City, Cebu; iii.) recognition of P376 million share in unrealized valuation gains on UBP's AFS investments; and iv.) increase in accumulated equity earnings resulting from the recording of P3.17 billion share in associates' net earnings and the receipt of P877 million cash dividends from associates.
- f. Inclusive those of the disposal group as of year-end 2008, goodwill increased by 45%, from P1.25 billion to P1.81 billion. This increase was due to the reversal during the 1st quarter of 2009 of the P575 million impairment provision recorded by AEV parent on its ATS investment in 2008, effectively reinstating the goodwill in ATS in 2009.
- g. Inclusive those of the disposal group as of year-end 2008, Other Noncurrent Assets increased by 66% to P1.0 billion mainly due to the deferred charges recorded by APRI related to costs incurred prior to take over of Tiwi-MakBan geothermal power plants.

The above increases were partially offset by the following decreases:

- a. Cash & Cash Equivalents stood at P7.58 billion, 54% lower than the P16.62 billion reported as at year-end 2008 which was inclusive of the disposal group's funds amounting to P860 million. This decrease was mainly due to the AEV's purchase of P297M worth of UBP shares, and by AP's P1 billion infusion into Abovant to fund its Cebu coal project and P9.1 billion infusion into APRI to fund the purchase of the Tiwi-Makban geothermal plants.
- b. Inclusive those of the disposal group as of year-end 2008, Inventories decreased by 13% (P2.91 billion vs P3.34 billion) mainly due to lower wheat inventory carried by Pilmico as of end of period under review, partially offset by the increase in supplies and materials inventories brought about by the inclusion of the APRI inventory.
- c. Inclusive those of the disposal group as of year-end 2008, AFS Investments decreased by 10% to P72 million mainly due to the sale of one of the investments.
- d. Inclusive those of the disposal group as of year-end 2008, Deferred Income Tax Assets decreased by 10% (P389 million vs P433 million) mainly due to reversal of a portion of deferred tax benefits relating to the applied net operating loss carryover (NOLCO) during the current period.

Liabilities

Inclusive of the P551 million loan of the disposal group as of year-end 2008, consolidated short-term bank loans increased by 29% (P10.54 billion vs P8.16 billion) while long-term liabilities increased by 70% (P21.04 billion vs P12.40 billion). This substantial increase in debt was principally due to the availment by AP parent of short-term loans and its issuance of additional P8.0 billion fixed-rate bonds and notes to fund the purchase of Tiwi-Makban geothermal plants for P19.5 billion, P11.6 billion of which was financed through debt. Hedcor Sibulan, Inc. (Hedcor Sibulan) likewise made an additional P1.2 billion loan draw down to finance the construction of its 42.5 MW hydro plant. This increase was partially offset by the payment of loan amortizations due during the current period.

Inclusive of the P3.02 billion payables of the disposal group as of year-end 2008, trade and other payables increased by 28% to P8.57 billion. This rise in payables was mainly due to the first-time consolidation of APRI trade payables and the increase in advances from minority shareholders of Abovant Holdings Inc. (Abovant).

Income tax payable increased by 270% due to the current income tax provisions recorded by subsidiaries during the period in review.

Customer deposits is higher by 10% due to the growth in the customer base of DLP and CLP as well as the new deposits recorded in APRI.

Equity

Equity attributable to equity holders of the parent increased by 13% from year-end 2008 level of P37.79 billion to P42.85 billion, mainly due to: a.) a P4.37 billion increase in Retained Earnings, resulting from the P5.87 billion net income recorded and offset by the P1.51 billion cash dividends paid; b.) the P380 million increase in Share in Unrealized Gains on AFS Investments and Underwriting Accounts of an associate resulting from the improvement in the market prices of these financial instruments as of the end of the current period; and c.) a P316 million increase in Acquisition of Minority Interest account resulting from AEV's recognition of its additional share in UBP's accumulated prior period earnings as it increased its ownership in UBP.

Material Changes in Liquidity and Cash Reserves of Registrant

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

Compared to the cash inflow for the same period last year, January–September 2009 consolidated cash generated from operating activities increased by P7.16 billion to P7.28 billion. This increase was largely a result of a higher net income generated during the current period, the lower funds used in financing food group's inventory build-up and the rise in trade payables.

Net cash used in investing activities reached P23.39 billion (versus P6.07 billion last year) as business acquisitions were higher in 2009.

Net cash provided by financing activities during the current period was P7.11 billion, compared to the P3.62 billion net funds used in 2008. This increase in generated cash was from the proceeds of AP's P8.0 billion retail bond and fixed-rate notes issuances and some short-term loan availments. This was offset by the cash used in the payment of cash dividends and interest.

For the first nine months of the current year, net cash outflows were higher than cash inflows, resulting to a 54% decrease in cash and cash equivalents, from P16.62 billion in December 2008 to P7.58 billion in September 2009.

Financial Ratios

Lower cash balances and higher short-term debt accounted for the decrease in current ratio, from 1.93:1 as of December 2008 to 0.90:1 as of September 2009. Higher total debt level in 2009 resulted in the increase in debt-to-equity ratio from 0.62:1 as of December 2008 to 0.81 as of September 2009, and in net debt-to-equity ratio at 0.45x (versus year-end 2008's 0.07x).

Known Trends, Events, Uncertainties, which may have Material Impact on Registrant

Except for the developments disclosed in this report and the attached financial statements, there are, as of the date of this report, no known events or uncertainties that have had or are reasonably expected to have a material impact on the financial condition and operations of the Company.

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

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

Generation Business

1. Continued Growth in the Company's attributable capacity

Last August 28, 2009, Therma Luzon, Inc. (Therma Luzon), a wholly owned subsidiary of Aboitiz Power Corporation (AP), submitted the highest offer in the competitive bid for the appointment as the IPP Administrator of the 700 MW Contracted Capacity of the Pagbilao Coal Fired Thermal Power Plant located in Pagbilao, Quezon (the "Pagbilao IPPA") conducted by PSALM. The bid price

amounted to US\$691 million as calculated in accordance with PSALM bid rules. This value represents the present value of a series of monthly payments to PSALM from October 2009 to August 2025 using PSALM discount rates. On October 1, 2009, Therma Luzon assumed dispatch control of the 700 MW Contracted Capacity of the Pagbilao Plant following the successful completion by Therma Luzon of the conditions precedent required in the IPP Administration Agreement with PSALM. As IPP Administrator, Therma Luzon is responsible for procuring the coal requirements of the Pagbilao Plant and for selling the electricity generated by the plant.

In May 2009, the Tiwi-Makban geothermal plants were turned over to APRI. The facilities, which have sustainable capacity of 462 MW, are the Company's first geothermal assets.

With the turnover of the Tiwi-Makban geothermal plants and the assumption of Therma Luzon as Pagbilao IPP Administrator, AP's total attributable generating capacity increased from 578 MW as of year-end 2008 to 1,740 MW at present, a 200% increase.

On July 31, 2009, AP successfully concluded a negotiated bid for the acquisition from the PSALM of two barge mounted diesel powered generation plants, each with a generating capacity of 100MW. AP will acquire PB 117, which is located in Barangay Sta. Ana, Nasipit, Agusan del Norte, through its wholly owned subsidiary Therma Mobile Inc. PB 118, which is located in Barangay San Roque, Maco, Compostela, Valley, will be acquired by AP's wholly owned subsidiary Therma Marine Inc. Closing of the transaction is dependent upon the fulfillment of certain conditions precedent by AP and PSALM which must occur not later than 270 days from the issuance of the letter of award by PSALM. Upon turnover of the power barges, AP's attributable generating capacity will reach 1,940 MW.

With close to 70% of NPC assets bid out and awarded, the Company continues to closely evaluate the investment viability of the remaining power generation assets that PSALM intends to auction off.

2. Greenfield & Rehabilitation Projects

Construction work on the 42.5 MW run-of-river hydropower plant in Barangay Sibulan, Sta. Cruz, Davao del Sur by AP's 100%-owned subsidiary Hedcor Sibulan remains on track. The project entails the construction of two cascading hydropower generating facilities tapping the Sibulan and Baroring Rivers. These facilities can generate an estimated 212 million kilowatt-hours of clean and emissions-free energy annually.

Another subsidiary, Hedcor Tamugan, Inc. (Hedcor Tamugan), is awaiting the resolution of the Tamugan water rights dispute with the Davao City Water District before it will pursue the construction of the 27.5 MW Tamugan hydropower project. This project originally involved the construction of three run-of-river hydropower plants with a combined capacity of 34.5 MW. This was scaled down to 27.5 MW when Hedcor Tamugan decided to abandon the construction of the 7 MW Suawan hydropower plant (the Suawan plant) due to the escalation of construction costs which had rendered the Suawan plant economically unfeasible to build. Nevertheless, this will not affect the Hedcor consortium's (of which Hedcor Tamugan is a part) ability to make good its contractual obligation to deliver the required amount of energy under a power supply agreement with DLP.

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

On February 17, 2007, AP entered into a Memorandum of Agreement with Taiwan Cogeneration International Corporation (Taiwan Cogen), a Taipei-based generation company, to collaborate in the building and operation of a 300 MW coal-fired power plant in the Subic Bay Freeport Zone. On May 30, 2007, Redondo Peninsula Energy, Inc. (RP Energy) was incorporated as the 50:50 joint

venture company for this project. The project is estimated to cost approximately US\$500 million. AP together with its partner Taiwan Cogen has put the Subic coal project on hold for further review as the Company continues to assess the changes to the demand in the Luzon Grid following the global financial crisis.

The Company, together with its partner SN Power Invest AS (SN Power), is pursuing the programmed rehabilitation of both the 75 MW Ambuklao and 100 MW Binga hydro facilities. It is projected that the rehabilitation will increase the generating capacity of Ambuklao to 105 MW and of Binga to 120 MW, thus increasing both plants' combined capacity by 29%. To date, the SNAP group is the largest traditional hydro operator in the country.

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

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

Distribution Business

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

The implementation of the rate adjustment formula for the distribution companies under the performance-based rate-setting regulation (PBR) is on a staggered basis. In addition to annual adjustments, PBR allows for rate adjustments in between the reset periods to address extraordinary circumstances. There is also a mandatory rate-setting every four years wherein possible adjustments to the rate take into account current situations.

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

VECO and DLP are part of the third group (Group C) of private distribution utilities expected to enter PBR. Both VECO and DLP entered their respective reset periods in end 2008 and are expected to enter the 4-year regulatory period 18-24 months thereafter. Distribution utilities in Group C are in various stages of their respective public hearings at this point.

SFELAPCO and SEZ are part of the fourth batch (Group D) of private distribution utilities to enter PBR. They are expected to enter their respective 4-year regulatory period by April 1, 2011.

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

In September 2009, SFELAPCO filed a rate increase application with the ERC under the return-on-rate base (RORB) rate making methodology, which is still pending at present. The average rate adjustment applied for is ₱0.39/kilowatt-hour.

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

Capital Raising Activities

Last September 18, 2009 Aboitiz Power Corporation (AP) signed a Notes Facility Agreement with First Metro Investment Corporation as Issue Manager, Metropolitan Bank & Trust Company – Trust Banking Group as Notes Facility Agent and a consortium of primary institutional lenders for the issuance of 5-year peso-denominated corporate fixed rate notes ("Notes") in the aggregate amount of ₱5.0 billion. The Notes were issued in September 2009 in a private placement to not more than 19 primary institutional investors pursuant to Section 9.2 of the Securities Regulation Code (SRC) and Rule 9.2(2)(B) of the SRC Rules.

Last April 30, 2009, AP issued a total of ₱3.0 billion worth of peso-denominated fixed rate retail bonds under the following terms:

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

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

Last December 2008, AP successfully launched and raised a total of ₱3.89 billion in 5-year and 7-year peso-denominated corporate fixed rate notes. The notes were offered in a private placement to not more than 19 institutional investors.

Both the ₱3.89 billion corporate notes and the ₱3.0 billion retail bonds received a "PRS Aaa" from Philippine Rating Services Corporation (PhilRatings) last February 2009. Obligations rated "PRS Aaa", the highest possible rating by PhilRatings, are of the highest quality with minimal credit risk – an indication of the extremely strong capacity of the obligor to meet its financial commitment on the obligation.

Other Developments

In October 2009, PHC filed a complaint for Tortious Interference in Contractual Relations and Exercise of Property Rights with the Regional Trial Court in Cebu City against Pacific Hydro Bakun, Inc. (PHBI), its joint venture partner in Luzon Hydro Corporation (LHC). LHC is the special purpose vehicle formed to develop, construct and operate the 70 MW Bakun hydropower plant in Ilocos Sur (the "Bakun Plant") under a build-operate-transfer (BOT) scheme with NPC.

The complaint by PHC against PHBI and its parent company, Pacific Hydro Limited (PHL), arose from PHBI's and PHL's tortious conduct including: (a) threatening and intimidating PHC and its nominee directors in LHC to vote in favor of allowing LHC to participate in the bidding for the Independent Power Producer Administration (IPPA) for the combined contracted capacities of the Bakun Plant, the 345 MW San Roque hydropower plant and the 30 MW Benguet mini-hydro plants (the "Bidding") and, (b) spreading to third persons malicious allegations of wrongful conduct on the part of the nominee directors of PHC.

Last November 4, 2009, the Regional Trial Court (Branch 17) of Cebu City issued a temporary restraining order (TRO) against PHBI to stop PHBI, from (a) inducing any party from breaching its contract with PHC; (b) further intimidating, threatening, coercing, or compelling PHC and its directors in LHC; (c) preventing LHC and/or its affiliates from engaging in lawful business ventures

without the participation and involvement of PHBI and PHL; and (d) committing other acts of harassment against PHC and its directors in LHC relating to the PHC directors' refusal to participate in the Bidding with defendant PHBI.

PHC maintains that LHC is a special purpose vehicle formed specifically and solely to undertake the construction of the Bakun Plant under a BOT agreement with NPC. PHBI's proposal for LHC to engage in the business of an IPPA for the power plants included in the Bidding is outside the primary or secondary purposes of LHC and is beyond the original intent of the shareholders of LHC. For these reasons, PHC believes that PHBI and PHL cannot rightfully compel it to enter into the IPPA business with PHBI and PHL through LHC. Moreover, notwithstanding PHC's refusal to enter into the IPPA business with PHBI and PHL, such refusal did not deprive the latter of participating in the Bidding if they really wanted to do so.

Financial Services

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

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

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

In October 2009, UBP raised P3.75 billion in tier 2 notes, bringing in fresh, long-term funds to its capital base. This is expected to further improve UBP's capital adequacy ratio, provide cushion for trading and lending risks, and strengthen its balance sheet.

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

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

In March 2009, CSB issued 5-year peso-denominated corporate fixed rate notes in the aggregate amount of P1.0 billion via private placement to primary institutional lenders. Proceeds of the issuance had been utilized to augment the bank's long-term funding base and support its long-term asset growth objectives.

Food Manufacturing

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

For its swine business, Pilmico's subsidiary, Pilmico Animal Nutrition Corporation (PANC), has commenced construction in July 2009 of its third grower-finisher farm in Kawili-wili, Capas, Tarlac. Upon completion, capacity is seen to further expand by 60%, from 12,000 heads to 19,200 heads. Commercial operation is expected to commence by early next year.

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

Transport

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

- ATS has undergone an asset rationalization program, which resulted to improved vessel utilization and assets' earning capacity. Excess passage capacity was converted to freight accommodating high paying cargos. Sale of assets (e.g. excess containers), replacement of old tonnage and use of more fuel-efficient vessels increased operating efficiencies.
- ATS adopted a low cost carrier business model for its passenger business to enable it to compete effectively with low cost airlines. Features of the business model include high vessel utilization, virtual sales channels, outsourced support services, and tiered pricing with very low fares, among others.
- ATS has built its value added business with the acquisition of ScanAsia Overseas Inc. (ScanAsia), a leading importer and distributor of fine food products and beverages in the country, representing over 20 well-known international brands. ScanAsia has an extensive distribution network that caters to all key cities nationwide. Moreover, 100%-owned Aboitiz One Distribution, Inc. has completed its new warehouse in Taguig City, thus improving its capacity by 275%, from 8,000 to 30,000 pallet positions.

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

In December 2008, AEV, together with ACO, accepted the Term Sheet offered by KGLI-NM for the acquisition of a 49% equity stake in ATS instead of the total buy-out proposed in the Memorandum of Agreement signed in September 2008. The 49% ownership is broken down as follows: 35% from AEV, 7.2% from ACO and 6.8% free float. The purchase price is based on an ATS equity value of P4.5 billion or P1.84 per share. AEV expects proceeds from sale of P1.57 billion. Transaction closing is expected on or before April 30, 2009.

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

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

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

On August 11, 2009, Aboitiz One, Inc., a wholly owned subsidiary of ATS, formed a joint venture with Kerry Logistics Network (KLN) Limited of Hong Kong. Kerry-Aboitiz Logistics, Inc., the joint venture company, aims to offer innovative, cost effective and reliable services on international air and sea freight and cargo forwarding, cargo consolidation, and as a breakbulk agent. KLN, a leading Asia-based provider of logistics services and supply chain solutions, operates in over 300 cities globally, 23 countries worldwide and serve over 127 cities throughout Mainland China.

On September 6, 2009, ATS's SuperFerry 9 capsized off the waters of the Zamboanga Peninsula in Mindanao. To date, ten people are confirmed dead as a result of the accident. Following the incident, the Maritime Industry Authority (MARINA) ordered the suspension of the operations of the passenger vessels of ATS pending audit and inspection. The suspension had since been lifted after the vessels passed the MARINA audit.

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

PART II--OTHER INFORMATION

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

SIGNATURES

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

Issuer	<u>ABOITIZ EQUITY VENTURES, INC.</u>
Principal Accounting Officer	 <u>MELINDA R. BATHAN</u>
Signature and Title	<u>Vice President - Controller</u>
Date	<u>13 NOV 2009</u>
Corporate Secretary	 <u>M. JASMINE S. OPORTO</u>
Signature and Title	<u>First Vice President - Chief Legal Officer/ Corporate Secretary/Chief Compliance Officer</u>
Date	<u>13 NOV 2009</u>

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AT SEPTEMBER 30, 2009 AND DECEMBER 31, 2008
(Amounts in Thousands)

	UNAUDITED SEP 2009	AUDITED DEC 2008
ASSETS		
Current Assets		
Cash and cash equivalents	7,583,577	15,758,927
Trade and other receivables - net	5,822,861	2,884,534
Inventories - net	2,911,534	2,992,557
Other current assets	2,181,790	1,279,106
	18,499,762	22,915,124
Noncurrent asset classified as held for sale	-	8,630,385
Total Current Assets	18,499,762	31,545,509
Noncurrent Assets		
Property, plant, and equipment - net	34,225,584	8,956,267
Intangible asset - service concession right	874,994	854,193
Intangible asset - steam development cost	193,275	-
Investment properties - net	299,380	306,611
Investments and advances	37,394,549	32,629,427
Available-for-sale (AFS) investments	72,444	52,921
Goodwill	1,812,994	996,006
Pension asset	52,616	10,538
Deferred income tax assets	389,444	88,146
Other noncurrent assets - net	1,001,849	274,993
Total Noncurrent Assets	76,317,129	44,169,102
TOTAL ASSETS	94,816,891	75,714,611
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	10,536,103	7,609,099
Trade and other payables	8,572,401	3,657,928
Dividends payable	10,550	12,502
Income tax payable	339,551	91,675
Current portion of long-term debt	347,867	558,478
Current portion of redeemable preferred shares	626,000	626,000
Current portion of obligations under finance lease	46,748	-
Current portion of obligations on Power Distribution System	40,000	40,000
Current portion of payable to preferred shareholder of a subsidiary	8,447	9,194
	20,527,667	12,604,876
Liabilities directly associated w/ non-current asset classified as held for sale	-	3,739,563
Total Current Liabilities	20,527,667	16,344,439
Noncurrent Liabilities		
Long-term debt - net of current portion	18,065,629	9,200,019
Redeemable preferred shares	1,517,790	1,500,000
Obligations under finance lease - net of current portion	30,832	-
Obligations on Power Distribution System - net of current portion	278,549	251,816
Customers' deposits	1,743,712	1,581,255
Payable to preferred shareholder of a subsidiary	74,114	88,030
Pension liability	63,566	34,122
Deferred income tax liability	39,376	59,329
Total Noncurrent Liabilities	21,813,568	12,714,571
Total Liabilities	42,341,235	29,059,010
Equity Attributable to Equity Holders of the Parent		
Capital stock	5,694,600	5,694,600
Additional paid-in capital	5,791,324	5,791,324
Net unrealized gains on AFS investments	6,579	3,495
Cumulative translation adjustments	(5,168)	1,444
Share in cumulative translation adjustments of associates	(18,766)	(14,007)
Share in net unrealized losses on AFS investments and underwriting accounts of associates	75,928	(304,420)
Gain on dilution	5,023,252	5,023,252
Acquisition of minority interest	(45,766)	(361,446)
Equity balances of disposal group	-	422
Retained earnings	27,158,886	22,790,973
Treasury stock at cost	(830,654)	(830,657)
	42,850,215	37,794,981
Minority Interests	9,625,441	8,860,620
Total Equity	52,475,656	46,655,601
TOTAL LIABILITIES AND EQUITY	94,816,891	75,714,611

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED SEPTEMBER 30, 2009 AND 2008
(Amounts in Thousands)
(UNAUDITED)

	JAN-SEP/09	JAN-SEP/08	JUL-SEP/09	JUL-SEP/08
REVENUES	30,915,958	26,729,805	11,571,025	9,496,007
COSTS AND EXPENSES	26,241,699	24,851,545	9,256,179	8,690,743
GROSS PROFIT	4,674,259	1,878,260	2,314,846	805,264
OTHER INCOME (CHARGES)				
Share in net earnings of associates	3,169,788	2,504,233	1,304,345	768,828
Interest income	462,450	545,294	76,217	198,644
Interest expense	(1,581,781)	(459,098)	(867,811)	(199,252)
Dividends on redeemable preferred	(123,474)	(124,149)	(40,558)	(43,187)
Other income	1,128,616	610,715	380,185	209,527
	3,055,599	3,076,995	852,378	934,559
INCOME BEFORE INCOME TAX	7,729,858	4,955,255	3,167,224	1,739,823
PROVISION FOR INCOME TAX	733,177	735,720	178,928	286,858
NET INCOME	6,996,681	4,219,535	2,988,296	1,452,965
ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE PARENT	5,873,148	3,375,722	2,435,215	1,162,156
MINORITY INTERESTS	1,123,533	843,813	553,081	290,809
	6,996,681	4,219,535	2,988,296	1,452,965
Earnings Per Common Share **				
Basic, for income for the period attributable to ordinary holders of the parent	1.053	0.601	0.437	0.209
Diluted, for income for the period attributable to ordinary holders of the parent	1.053	0.601	0.437	0.209

** 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 SEPTEMBER 30, 2009 AND 2008
(Amounts in Thousands)
(UNAUDITED)

	JAN-SEP/09	JAN-SEP/08	JUL-SEP/09	JUL-SEP/08
Profit for the period attributable to:				
Equity holders of the parent	5,873,148	3,375,722	2,435,215	1,162,156
Minority interests	1,123,533	843,813	553,081	290,809
Profit for the period	6,996,681	4,219,535	2,988,296	1,452,965
Other comprehensive income:				
Net unrealized gains (losses) on AFS investments	(1,349)	(19,820)	3,236	(12,823)
Exchange differences on translating foreign-denominated transactions	(1,839)	548	5,460	(11,986)
Share of other comprehensive income (loss) of associates	368,900	(592,575)	43,532	926,840
Other comprehensive income (loss) for the period, net of tax (Schedules A & B)	365,712	(611,847)	52,227	902,031
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	7,362,393	3,607,688	3,040,523	2,354,996
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	6,244,787	2,706,753	2,488,784	2,056,481
Non-controlling interests	1,117,606	900,935	551,739	298,515
	7,362,393	3,607,688	3,040,523	2,354,996

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2009 AND 2008
(Amounts in Thousands)
(UNAUDITED)

	JAN-SEP/09	JAN-SEP/08	JUL-SEP/09	JUL-SEP/08
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income tax	7,729,858	4,955,255	3,167,224	1,739,823
Adjustments for:				
Share in net earnings of associates	(3,169,788)	(2,504,233)	(1,304,345)	(768,828)
Depreciation and amortization	1,656,687	1,284,105	634,858	445,405
Interest income	(462,450)	(545,294)	(76,217)	(198,644)
Interest expense	1,705,255	583,247	908,369	242,439
Dividend income	(6,647)	(11,283)	(51)	(60)
Provision for decline in value of assets other than AR, investments & project costs	25,750	-	7,406	-
Provision for retirement benefits	2,793	3,137	837	1,109
Reversal of provision for impairment of goodwill on investments & of investments	(574,789)	-	-	-
Unrealized foreign exchange loss (gain)	38,880	11,957	(31,936)	(35,401)
Loss (gain) on sale of available for sale investments	(296)	3,959	-	3,836
Gain on sale of property, plant & equipment	(29,606)	(79,355)	(4,265)	(38,770)
Operating income before working capital changes	6,915,647	3,701,495	3,301,880	1,390,909
Changes in:				
Increase in operating current assets	(1,264,717)	(2,909,360)	(966,315)	(1,828,813)
Increase (decrease) in operating current liabilities	2,061,568	(40,186)	301,749	(76,166)
Cash provided by (used in) operations	7,712,498	751,949	2,637,314	(514,070)
Income and final taxes paid	(426,845)	(628,888)	(140,700)	(188,432)
Net cash provided by (used in) operating activities	7,285,653	123,061	2,496,614	(702,502)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Dividends received	883,876	1,865,044	124,602	185,441
Interest received	489,830	581,969	56,522	270,544
Additions to investments	(306,876)	(4,453,288)	(8,884)	(2,860,868)
Payments for advances to associates	(1,468,328)	(432,750)	(333,711)	(754)
Acquisitions of property, plant and equipment - net	(22,690,613)	(3,251,431)	(1,072,956)	(1,426,989)
Disposals (acquisitions) of available for sale investments	11,324	(1,049)	1,857	(2,867)
Decrease in acquisition of minority interest	(315,680)	(134,688)	(315,680)	(169)
Increase in intangible assets	(235,883)	-	(194,424)	-
Decrease (increase) in other assets	241,744	(248,994)	490,730	(256,767)
Net cash used in investing activities	(23,390,606)	(6,075,187)	(1,251,944)	(4,092,429)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from loans payable	2,376,004	698,219	6,135,724	281,683
Proceeds from (payments of) long-term debt	8,646,788	485,725	(6,320,370)	914,055
Proceeds from (payments of) payable to preferred shareholders of a subsidiary	(5,469)	(14,891)	5,468	5,891
Interest paid	(1,729,468)	580,343	(992,642)	940,044
Cash dividends paid	(1,505,234)	(3,473,706)	-	-
Decrease in minority interest	(674,393)	(1,068,685)	(125,193)	(66,837)
Re-issuance (Acquisition) of treasury shares	3	(830,657)	-	(370,283)
Net cash provided by (used in) financing activities	7,108,231	(3,623,652)	(1,297,013)	1,704,553
NET DECREASE IN CASH AND CASH EQUIVALENTS	(8,996,723)	(9,575,779)	(52,342)	(3,090,378)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	(38,881)	(11,957)	31,936	35,402
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	16,619,181	18,568,225	7,603,983	12,035,465
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	7,583,577	8,980,489	7,583,577	8,980,489

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2009 AND DECEMBER 31, 2008

	Attributable to owners of the parent											Non-controlling Interests	Total
	Share Common	Capital Preferred	Additional Paid-in Capital	Available-for-sale financial assets	Translation of Foreign-denominated Transactions	Share in Other Comprehensive Income of Associates	Gain on Dilution	Acquisition of Minority Interest	Retained Earnings	Treasury Stock	Total		
Balances at December 31, 2008	5,694,600	-	5,791,324	3,496	1,444	(318,005)	5,023,252	(361,446)	22,790,973	(830,657)	37,794,979	8,860,621	46,655,600
Changes in equity for Jan-Sep 2009:													
Sale of treasury shares										3	3		3
Acquisition of minority interest								315,680			315,680	(315,679)	1
Cash dividends									(1,505,234)		(1,505,234)		(1,505,234)
Changes in minority interest											-	(37,107)	(37,107)
Total comprehensive income for the year				3,083	(6,611)	375,167			5,873,148		6,244,787	1,117,607	7,362,393
Balances at September 30, 2009	5,694,600	-	5,791,324	6,579	(5,168)	57,162	5,023,252	(45,766)	27,158,886	(830,654)	42,850,215	9,625,441	52,475,656

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

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2008

	Attributable to owners of the parent											Non-controlling Interests	Total
	Share Common	Capital Preferred	Additional Paid-in Capital	Available-for-sale financial assets	Translation of Foreign-denominated Transactions	Share in Other Comprehensive Income of Associates	Gain on Dilution	Acquisition of Minority Interest	Retained Earnings	Treasury Stock	Total		
Balances at December 31, 2007, as previously stated	5,694,600	-	5,791,324	16,248	(7,855)	(332,380)	5,023,252	(84,543)	22,026,840	-	38,127,486	8,860,611	46,988,097
Effects of adoption of new accounting standard (IFRIC 12)						39,194		1,397	(256,747)		(216,157)	(66,255)	(282,411)
Effects of shift to fair value method in acctg for investment properties									373,699		373,699	16,917	390,617
Balances at December 31, 2007, as restated	5,694,600	-	5,791,324	16,248	(7,855)	(293,186)	5,023,252	(83,147)	22,143,792	-	38,285,028	8,811,274	47,096,302
Changes in equity for Jan-Sep 2008:													
Sale (Purchase) of treasury shares										(830,657)	(830,657)		(830,657)
Gain on Dilution							14,808				14,808		14,808
Acquisition of minority interest								(286,570)			(286,570)	19,811	(266,760)
Cash dividends									(3,473,706)		(3,473,706)		(3,473,706)
Changes in minority interest											-	(1,076,838)	(1,076,838)
Total comprehensive income for the year				(6,865)		(662,105)			3,375,722		2,706,752	900,935	3,607,687
Balances at September 30, 2008	5,694,600	-	5,791,324	9,383	(7,855)	(955,291)	5,038,060	(369,717)	22,045,808	(830,657)	36,415,655	8,655,182	45,070,836

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
FINANCIAL STATEMENT SCHEDULES AND DISCLOSURES
AT SEPTEMBER 30, 2009 AND DECEMBER 31, 2008
(peso amounts in thousands)

A. COMPONENTS OF OTHER COMPREHENSIVE INCOME

	JAN-SEP/09		JAN-SEP/08	
Available-for-sale financial assets:				
Net unrealized losses arising during the year	(1,349)		(19,820)	
Less: Reclassification adjustments for losses included in profit or loss	<u>-</u>	(1,349)	<u>-</u>	(19,820)
Exchange differences on translating foreign-denominated transactions		(1,839)		548
Share of other comprehensive income (loss) of associates		368,900		(592,575)
Other comprehensive income (loss)		365,712		(611,847)
Income tax relating to components of other comprehensive income (loss)		-		-
Other comprehensive income (loss) for the period		365,712		(611,847)

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

	JAN-SEP/09			JAN-SEP/08		
	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Available-for-sale financial assets	(1,349)	-	(1,349)	(19,820)	-	(19,820)
Exchange differences on translating foreign-denominated transactions	(1,839)	-	(1,839)	548	-	548
Share of other comprehensive income (loss) of associates	368,900	-	368,900	(592,575)	-	(592,575)
Other comprehensive income (loss) for the period	365,712	-	365,712	(611,847)	-	(611,847)

C. INVESTMENTS AND ADVANCES

	% OWNERSHIP 2009	SEP 2009	DEC 2008
Investments in shares of stock			
At equity			
Acquisition cost:			
Union Bank of the Philippines	38.66%	4,507,737	4,210,174
Accuria, Inc.	49.54%	719,739	719,739
Western Mindanao Power Corporation	20.00%	263,665	263,665
Cebu International Container Terminal, Inc.	20.00%	240,125	240,125
Hijos de Escaño, Inc.	46.73%	858,067	857,237
San Fernando Electric Light & Power Co., Inc.	20.29%	180,864	180,864
Pampanga Energy Ventures, Inc.	42.84%	209,465	209,465
Southern Philippines Power Corporation	20.00%	152,587	152,587
Visayan Electric Co., Inc.	55.15%	655,777	654,820
Manila Oslo Renewable Enterprise, Inc.	83.33%	7,305,257	7,305,257
East Asia Utilities Corporation	50.00%	1,009,143	1,009,143
STEAG State Power Inc.	34.00%	4,400,611	4,400,611
Therma Power Visayas, Inc.	100.00%	5	5
Therma Power, Inc.	100.00%	5	5
Redondo Peninsula Energy Corporation	50.00%	277,545	277,545
Adventenergy, Inc.	100.00%	625	625
City Savings Bank	34.42%	79,001	79,001
South Western Cement Corporation	20.00%	28,995	28,995
Luzon Hydro Corporation	50.00%	1,048,251	1,048,251
Cordillera Hydro Corporation	35.00%	88	88
Aboitiz Projects TS Corp.	50.00%	1,888	1,888
Kerry Logistics	49.49%	7,526	-
MCCP Philippines	33.00%	16,500	16,500
Hapag-Lloyd Philippines, Inc.	15.00%	1,800	1,800
JAIB, Inc.	49.00%	1,884	1,884
Balance at end of period		21,967,150	21,660,274
Accumulated equity in net earnings:			
Balance, beginning of year		9,048,866	8,044,060
Share in net earnings for the year		3,169,788	3,624,976
Share in associates' prior period's adjustments charged to Retained Earnings (IFRIC 12 implementation & shift to FV in acctg for inv prop)		-	(31,786)
Acquisition of minority interest		315,680	5,969
Cash dividends received		(877,229)	(2,594,353)
Balance, end of period		11,657,104	9,048,866
Gain on dilution		661,212	661,212
Share in net unrealized losses on available-for-sale securities & underwriting accounts of an associate		75,927	(300,079)
Share in cumulative translation adjustments of associates		(24,422)	(17,737)
		34,336,972	31,052,536
Allowance for impairment losses		(28,995)	(28,995)
Investments, at equity		34,307,977	31,023,540
Advances to investees		3,086,572	1,618,244
		37,394,549	32,641,784
Investments in associates included in the disposal group classified as held for sale			12,357
		37,394,549	32,629,427

D. ACCOUNTS PAYABLE & ACCRUED EXPENSES

Trade	3,240,075
DOSRI	-
Others	5,332,326
TOTAL	8,572,401

E. SHORT-TERM LOANS

	Effective Interest Rate	SEP 2009	DEC 2008
Financial institutions - unsecured:			
Peso loans	5.5% - 9.25%	6,536,551	4,032,100
US dollar loans	2.15% - 6.5%	3,999,552	3,576,999
		10,536,103	7,609,099

F. LONG-TERM LOANS

	Effective Interest Rate	SEP 2009	DEC 2008
Company:			
Financial institutions - unsecured			
Peso denominated loans	5.21% - 9.19%	1,975,000	2,350,000
Non-financial institutions	11.00% - 12.00%	-	16,500
		1,975,000	2,366,500
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%	560,000	560,000
Fixed rate notes	8.23%	5,000,000	-
Retail Bonds			
5 year bonds	8.70%	2,294,420	-
3 year bonds	8.00%	705,580	-
HEDCOR, INC.			
Financial institution - secured	8.36%	613,700	647,000
HEDCOR SIBULAN, INC.			
Financial institutions - secured	8.52%	2,942,077	1,715,796
SEZC			
Financial institution - secured	8.26% - 10.02%	341,000	341,000
		15,786,777	6,593,796
Less deferred financing costs		129,115	71,799
		15,657,662	6,521,997
PILMICO and subsidiary:			
PILMICO			
Financial institutions - secured	6.13% - 7.75%	555,834	620,000
PANC			
Financial institution - secured	7.22%	225,000	250,000
		780,834	870,000
Total		18,413,496	9,758,497
Less: Current portion		347,867	558,478
		18,065,629	9,200,019

G. DEBT SECURITIES

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

MATURITY	INTEREST RATE	AMOUNT
5-year bonds to mature on 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:

	SEP 2009	SEP 2008
a. Net income attributable to equity holders of the parent	5,873,148	3,375,722
b. Average number of outstanding shares	5,574,942,121	5,616,839,246
c. Earnings per share (a/b)	1.053	0.601

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-Sep 2009	Jan-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Sep 2009	Jan-Sep 2008						
REVENUES	13,818,320	9,288,346	-	-	8,177,384	7,850,519	8,666,661	9,427,355	354,227	377,074	(100,634)	(213,489)	30,915,958	26,729,805
RESULT														
Segment results	3,100,315	1,407,858	-	-	968,257	562,616	512,938	(228,352)	88,221	130,867	4,529	5,271	4,674,259	1,878,260
Unallocated corporate income (expenses)	291,363	270,684	-	-	10,171	36,872	116,097	236,894	715,514	71,537	(4,529)	(5,271)	1,128,616	610,715
INCOME FROM OPERATIONS													5,802,876	2,488,975
Interest Expense & Dividends on Redeemable Preferred	(1,331,363)	(244,158)	-	-	(37,043)	(32,602)	(71,099)	(61,070)	(265,750)	(245,417)	-	-	(1,705,255)	(583,247)
Interest Income	375,969	437,186	-	-	4,407	4,375	24,451	25,372	57,623	78,361	-	-	462,450	545,294
Share in net earnings of associates	1,766,414	1,901,818	1,367,784	611,582	-	-	36,438	(14,304)	3,961,838	2,745,092	(3,962,686)	(2,739,956)	3,169,788	2,504,233
Provision for Income tax	(347,053)	(548,547)	-	-	(211,745)	(197,948)	(134,006)	20,019	(40,373)	(9,244)	-	-	(733,177)	(735,720)
NET INCOME													6,996,681	4,219,535
OTHER INFORMATION	Sep 2009	Dec 2008	Sep 2009	Dec 2008	Sep 2009	Dec 2008	Sep 2009	Dec 2008						
Segment assets	9,602,650	17,739,650	-	-	3,197,147	4,273,426	5,004,859	4,161,538	695,107	648,882	-	4,722,013	18,499,762	31,545,509
Investments and advances	23,980,749	21,345,587	13,176,727	11,112,188	-	-	71,110	17,346	32,904,231	29,809,467	(32,738,269)	(29,655,162)	37,394,549	32,629,426
Unallocated corporate assets	30,012,108	8,291,585	-	-	2,197,347	2,158,395	5,083,301	5,230,136	1,069,299	1,038,385	560,526	(5,178,826)	38,922,580	11,539,675
Consolidated total assets													94,816,891	75,714,610
Segment liabilities	30,171,426	16,425,559	-	-	2,416,783	3,987,912	5,021,183	4,798,996	4,267,731	4,110,647	21,619	(449,230)	41,898,742	28,873,884
Unallocated corporate liabilities	250,451	154,913	-	-	99,755	-	69,620	19,239	22,667	10,974	-	-	442,493	185,126
Consolidated total liabilities													42,341,235	29,059,010
	Jan-Sep 2009	Jan-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Sep 2009	Jan-Sep 2008	Jan-Sep 2009	Jan-Sep 2008						
Depreciation	708,828	376,577	-	-	117,514	86,277	782,022	773,408	48,322	47,843	-	-	1,656,687	1,284,105

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 September 30, 2009, 8.63% of the Group's long-term debt had floating interest rates ranging from 5.21% to 12.55%, and 91.37% are with fixed rates ranging from 6.75% to 10.02%. As of December 31, 2008, 23.65% of the Group's long-term debt had floating interest rates ranging from 6.29% to 9.47%, and 76.35% are with fixed rates ranging from 6.75% to 12.00%.

The following table set out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

As of September 30, 2009

	< 1 year	1 - 5 years	> 5 years	Total
Floating rate - long-term debt	8,000	993,000	-	1,001,000
Fixed rate - long-term debt	339,867	13,976,837	3,095,792	17,412,496
Payable to preferred shareholders of a subsidiary - floating	8,447	74,114	-	82,561
Redeemable preferred shares - floating	626,000	-	-	626,000
Redeemable preferred shares - fixed	-	1,517,790	-	1,517,790
Obligations under finance lease - floating	46,748	30,832	-	77,580
	1,029,062	16,592,573	3,095,792	20,717,427

As of December 31, 2008

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

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

Interest expenses recognized during the comparative periods are as follows:

	SEP 2009	SEP 2008
Bank loans and long term debt	1,515,737	397,046
Customers' deposits	4,253	4,040
Obligations under finance lease	4,815	15,014
Obligations on PDS	26,733	12,180
Advances from related parties	30,243	30,818
	1,581,781	459,098

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 September 30, 2009 and 2008:

	Increase/decrease in basis points	Effect on income before tax
Sep 2009	100	13,416
	50	6,708
Sep 2008	100	21,794
	50	10,897

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 September 30, 2009 and December 31, 2008, foreign currency denominated borrowings account for 13.0% and 21.5%, respectively, of total consolidated borrowings.

	SEPTEMBER 30, 2009		DECEMBER 31, 2008	
	US Dollar	Peso Equivalent	US Dollar	Peso Equivalent
Current Financial Assets				
Cash and cash equivalents	44,097	2,088,435	66,904	3,179,275
Trade and other receivables	6,948	329,057	9,764	463,985
Amounts owed by related parties	2,651	125,551	1,313	62,394
Inventory		-	489	23,237
Total Financial Assets	53,696	2,543,044	78,470	3,728,891
Current Financial Liabilities				
Bank loans	84,450	3,999,552	89,247	4,241,017
Trade and other payables	4,806	227,612	9,763	463,938
Advances from shipping principals	232	10,988	1,334	63,392
Amounts owed to a related party	6,872	325,458	536	25,471
Obligations under finance lease	0	0	1,730	82,210
Total Financial Liabilities	96,360	4,563,610	102,610	4,876,027
Net foreign currency denominated assets (liabilities)	(42,664)	(2,020,566)	(24,140)	(1,147,136)

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates, with all other variables held constant, of the Group's profit before tax as of September 30, 2009:

	Increase (decrease) in US dollar rate	Effect on income before income tax
US dollar denominated accounts	5%	(101,028)
US dollar denominated accounts	-5%	101,028

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

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

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

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

In managing its long-term financial requirements, the Group's policy is that not more than 25% of long-term borrowings should mature in any twelve-month period. As of September 30, 2009 and December 31, 2008, the portion of the total long-term debt that debt will mature in less than one year is 4.58% and 9.31%, respectively. For its short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

The following table summarizes the maturity profile of the Group's financial liabilities as of September 30, 2009 based on contractual undiscounted principal payments (amounts in thousands):

	Total Carrying Value	Contractual undiscounted principal payments				
		Total	On demand	Less than 1 year	1 to 5 years	> 5 years
Bank loans	10,536,103	10,536,103	-	10,536,103	-	-
Long-term debt	18,413,496	18,413,496	-	347,867	14,969,837	3,095,792
Customers' deposits	1,743,712	1,743,712	-	94,885	22,988	1,625,839
Trade and other payables	8,572,401	8,572,401	-	8,572,401	-	-
Obligations under finance lease	77,580	46,748	-	46,748	-	-
Obligations on power distribution system	318,549	800,000	-	40,000	200,000	560,000.00
Payable to preferred shareholder of a subsidiary	82,561	82,561	-	8,447	74,114	-
Redeemable preferred shares	2,143,790	2,143,790	-	626,000.00	1,517,790	-
Total	41,888,192	42,338,811	-	20,272,451	16,784,729	5,281,631

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods ended September 30, 2009 and December 31, 2008.

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

Gearing ratios of the Group as of September 30, 2009 and December 31, 2008 are as follows:

	<u>SEP 2009</u>	<u>DEC 2008</u>
Bank Loans	10,536,103	7,609,099
Long - term debt	20,717,427	12,663,035
Temporary advances from (to) related parties	(140,225)	(487,902)
Cash and cash equivalents	<u>(7,583,577)</u>	<u>(16,546,940)</u>
Net Debt (a)	23,529,728	3,237,292
Equity attributable to equity holders of the parent	<u>52,475,655</u>	<u>46,655,600</u>
Equity and Net Debt (b)	<u>76,005,384</u>	<u>49,892,892</u>
Gearing Ratio (a/b)	<u>30.96%</u>	<u>6.49%</u>

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.

	<u>SEPTEMBER 30, 2009</u>		<u>DECEMBER 31, 2008</u>	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial assets				
Cash				
Cash and cash equivalents	7,583,577	7,583,577	16,619,181	16,619,181
Loans and receivables				
Trade and other receivables	5,822,861	5,822,861	4,505,209	4,505,209
	13,406,438	13,406,438	21,124,389	21,124,389
AFS				
AFS investments	72,444	72,444	80,556	80,556
Total	13,478,882	13,478,882	21,204,945	21,204,945
Financial assets of Disposal Group			2,508,563	2,508,563
Financial assets of Continuing Operations Group	13,478,882	13,478,882	18,696,382	18,696,382

	SEPTEMBER 30, 2009		DECEMBER 31, 2008	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial liabilities				
Other financial liabilities				
Bank loans	10,536,103	10,536,103	8,160,099	8,160,099
Trade and other payables	8,572,401	8,572,401	6,682,621	6,682,621
Customers' deposits	1,743,712	1,743,712	1,584,991	1,584,991
Obligations on power distribution system	318,549	424,132	291,816	366,862
Obligations under finance leases				
Fixed rate				
Floating rate	77,580	77,580	112,524	112,524
Long-term debt				
Fixed rate	17,412,496	17,800,650	7,729,497	7,857,834
Floating rate	1,001,000	1,001,000	2,029,000	2,029,000
Payable to preferred shareholder of a subsidiary (floating rate)	82,561	82,561	97,224	97,224
Redeemable preferred shares				
Fixed rate	1,517,790	1,559,931	1,517,790	1,511,469
Floating rate	626,000	626,000	626,000	626,000
Total	41,888,192	42,424,070	28,831,562	29,028,624
Financial liabilities of Disposal Group			3,709,744	3,709,744
Financial assets of Continuing Operations Group				
	41,888,192	42,424,070	25,121,818	25,318,880

As of September 30, 2009 and December 31, 2008, the group does not have any investment in foreign securities nor has it issued any traded debt securities.

Fair Value of Financial Instruments

Fair value is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models, as appropriate. A financial instrument is regarded as quoted in an active market if quoted prices are readily available from an exchange, dealer, broker, pricing services or regulatory agency and those prices represent actual and regularly occurring market transactions on an arm's length basis. For a financial instrument with an active market, the quoted market price is used as its fair value. On the other hand, if transactions are no longer regularly occurring even if prices might be available, and the only observed transactions are forced transactions or distressed sales, then the market is considered inactive. For a financial instrument with an inactive market, its fair value is determined using a valuation technique (e.g., discounted cash flow approach) that incorporates all factors that market participants would consider in setting a price.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, trade and other receivables and trade and other payables

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate fair value due to the relatively short-term maturity of these financial instruments.

Fixed-rate borrowings

The fair value of fixed rate interest bearing loans is based on the discounted value of future cash flows using the applicable rates for similar types of loans.

Variable-rate borrowings

Where the repricing of the variable-rate interest bearing loan is frequent (i.e., three-month repricing), the carrying value approximates the fair value. Otherwise, the fair value is determined by discounting the principal plus the known interest payment using current market rates.

Customers' deposits

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

Redeemable preferred shares

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

AFS investments

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

Obligations under Power Distribution System

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

L. DISCLOSURES

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

Basis of Preparation

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

Statement of Compliance

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

Changes in Accounting Policies

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

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

PFRS 8, Operating Segments

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

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

Amendment to PAS 1, Presentation of Financial Statements

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

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

PAS 23, *Borrowing Costs*

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

2. Seasonality of Interim Operations

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

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

3. Material Events and Changes

a. AEV Dividend Declaration and Buy-back Program

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

In accordance with the buy-back program approved by the BOD on February 7, 2008 involving the purchase of the shares of stock of AEV and of its publicly-listed investee companies, AP and UBP, the Company has purchased into treasury 119.7 million of its own shares, 190.9 million of AP shares and 14.8 million of UBP shares as of September, 30 2009.

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

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

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

c. AP issuance of P3B retail bonds

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

MATURITY	INTEREST RATE	AMOUNT
5-year bonds to mature on 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

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

d. Acquisition of the Tiwi-Makban Plants

In July 2008, the Power Sector Assets and Liabilities Management Corporation (PSALM) issued the Notice of Award to AP Renewables, Inc., (APRI), a 100%-owned subsidiary of AP, officially declaring APRI as the winning bidder for the 289-MW Tiwi Geothermal Power Plant located in Tiwi, Albay and the 458-MW Makiling-Banahaw (MakBan) Geothermal Power Plant located in Laguna and Batangas provinces (collectively referred to as the Tiwi-MakBan Geothermal Power Plants).

Under the terms of the Asset Purchase Agreement (APA), APRI is required to deliver 40% of the purchase price of \$447 million as up-front payment payable on or before the closing date. The balance of 60% is payable in 14 semi-annual payments with an interest of 12% per annum compounded semi-annually. On May 25, 2009, APRI paid PSALM the P8.29 billion downpayment on the purchase price for the Tiwi-MakBan Geothermal Power Plants which were turned over to APRI on May 26, 2009.

APRI will account for the purchase of the Tiwi-MakBan Geothermal Plants under the purchase method. As of September 30, 2009, it is impracticable to determine the fair values of the Tiwi-MakBan plants as APRI is still compiling all the required information.

e. AP's Appointment as IPP Administrator for Pagbilao

On August 28, 2009, AP's wholly owned company, Therma Luzon, Inc. ("Therma Luzon"), submitted the highest offer of US\$691,099,003 in the competitive bid for the appointment as the IPP Administrator of the 700 MW Contracted Capacity of the Pagbilao Coal Fired Thermal Power Plant located in Pagbilao, Quezon (the "Pagbilao IPPA") conducted by PSALM.

On October 1, 2009, Therma Luzon assumed dispatch control of the Pagbilao plant as the first Independent Power Producer (IPP) Administrator in the country. The turnover followed the successful completion by Therma Luzon of the conditions precedent required in the IPP Administration Agreement with PSALM. As IPP Administrator, Therma Luzon will be responsible for procuring the fuel requirements of the Pagbilao Plant and selling the electricity generated by the plant.

The Pagbilao Plant is being operated by TEAM Energy under a build-operate-transfer scheme.

Except for the above developments and as disclosed in some other portions of this report, no other significant event occurred that would have a material impact on the registrant and its subsidiaries, and no other known trend, event or uncertainty came about that had or were reasonably expected to have a material favorable or unfavorable impact on revenues or income from continuing operations, since the end of the most recently completed fiscal year. There were also no significant elements of income or loss that did not arise from the continuing operations of the registrant and its subsidiaries.

Other than those disclosed above, no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships with unconsolidated entities or other persons entities or other persons were created during the interim period. There were also no events that would trigger substantial direct or contingent financial obligations or cause any default or acceleration of an existing obligation.

Likewise, there were no other material changes made in such items as: accounting principles & practices, estimates inherent in the preparation of financial statements, status of long-term contracts, changes in the composition of the issuer, and reporting entity resulting from business combinations or dispositions.

Lastly, there were no changes in estimates of amounts reported in prior interim period and financial year that would have a material effect in the current interim period.

4. Material Adjustments

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

5. Contingencies

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

ABOITIZ EQUITY VENTURES, INC. & SUBSIDIARIES**AGING OF RECEIVABLES****AS OF : SEP 30/2009**

(amts in P000's)

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Transport Services	906,968	46,351	24,221	242,049	1,219,589
Power	1,673,499	118,431	30,828	64,887	1,887,645
Food Manufacturing	637,026	6,689	4,114	42,633	690,462
Holding and Others	19,570	3,671	3,671		26,912
	3,237,063	175,142	62,834	349,569	3,824,608
Insurance and Other Claims	338,167	3,561	15,269	4,043	361,040
Related Parties	1,017,628	63,508	29,836	15,489	1,126,461
Others	461,685	11,533	19,163	457,067	949,448
	5,054,543	253,744	127,102	826,168	6,261,557
Less Allowance for Doubtful Accounts					438,696
					5,822,861

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