COVER SHEET

C E 0 2 5 3 6

S.E.C. Registration Number

A B O I T I Z E Q U I T Y V E N T U R E S , I N C .

(Company's Full Name)

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

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

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

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

LEAH I. GERALDEZ

Contact Person

(032) 231-2580 LOC 310

Company Telephone Number

1st Quarterly Report

1 2	3 1
Month	*Day*

Fiscal Year

1 7 - Q

FORM TYPE

0 5	2 1
Month	*Day*

Annual Meeting

Secondary License Type, if Applicable

S E C

Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders

X

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

S T A M P S

Remarks = pls. Use black ink for scanning purposes

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended **March 31, 2007**

2. Commission identification number **CEO2536** 3. BIR Tax Identification No. **003-828-269-V**

4. Exact name of issuer as specified in its charter

ABOITIZ EQUITY VENTURES, INC.

5. Province, country or other jurisdiction of incorporation or organization

Cebu City, Philippines

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office Postal Code

Gov. Manuel A. Cuenco Avenue, Kasambagan, Cebu City, Philippines 6000

8. Issuer's telephone number, including area code

(032) 2312580

9. Former name, former address and former fiscal year, if changed since last report

N.A.

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common stock, P1.00 par value	**5,694,599,621**
Total debt	**15,833,228,913**

11. Are any or all of the securities listed on a Stock Exchange?

Yes [**x**] No [ ]

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange **Common**

12. Indicate by check mark whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

Yes [**x**] No [ ]

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

Yes [**x**] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the financial statements and schedules attached herewith

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

Top Five Key Performance Indicators

Management uses the following indicators to evaluate the performance of registrant and its subsidiaries:

1. **Equity in Net Earnings (Losses) of Investees.** This represents the Group's share in the undistributed earnings or losses of its investees for each reporting period after the acquisition of said investments, net of goodwill impairment cost, if any. Goodwill is the difference between the purchase price of 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 the profitability of the investments and the investees' contribution to the Group's net income.

   Computation: Investee's Net Income (Loss) X Investor's Percentage Ownership less Goodwill Impairment Cost

2. **Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)**. EBITDA is calculated as net income before minority interest, net interest expense, income tax expense, amortization and depreciation. 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.

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 funds. This aids management in identifying the impact on cash flow when the Group's activities are either in a state of growth or decline, and in evaluating management's efforts to control the impact.

4. **Current Ratio**. This is a measurement of liquidity, calculated by dividing total current assets by the 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**. This 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.

All the key performance indicators were well within expected levels during the period under review. The increase in equity earnings coming from higher income contributions from Unionbank and CSB was anticipated to make up for the projected drop in earnings of LHC this year mainly as a result of the decline in capacity fee rates as stipulated in its contract with NPC.

Improvement in EBITDA was attributable to the robust operating margins generated by the group as a result of higher revenue and effectively-controlled costs and expenses.

Despite the challenging economic environment, the group has consistently managed its cashflows and operations effectively, generating positive cash inflows and registering healthy financial ratios. This strong financial position enables the group to deliver higher value directly to its shareholders, while continuing to invest in its growth opportunities.

For the remaining part of 2007, the Company expects to utilize the cash generated from the treasury share sale and the scheduled APC IPO in funding its identified power investments, major capital expenditures and other investment opportunities that may be presented in the future.

	MAR 31/2007	**MAR 31/2006**	**DEC 31/2006**
EQUITY IN NET EARNINGS OF INVESTEES	**781,037**	568,106	
EBITDA	**1,789,346**	1,334,156	
CASH FLOW GENERATED:			
Net cash provided by operating activities	**1,302,414**	4,024,345	
Net cash provided by (used in) investing activities	**(298,034)**	(845,753)	
Net cash provided by (used in) financing activities	**3,538,816**	(2,995,368)	
Net Increase (Decrease) in Cash & Cash Equivalents	**4,543,196**	1,079,416	
Cash & Cash Equivalent, Beginning	**8,009,957**	4,622,676	
Cash & Cash Equivalent, End	**12,527,814**	5,632,597	
CURRENT RATIO	**3.02**	1.50	2.07
DEBT-TO-EQUITY RATIO	**0.55**	0.97	0.72

Financial Results of Operations

Aboitiz Equity Ventures (AEV) reported a net income to common shareholders of P1.076 billion, a 68% increase from its earnings in the same period last year.

AEV's power group posted a combined contribution of P415 million for the first quarter of 2007, 3.7% lower than its first quarter 2006 contribution. The bulk of the earnings came from the distribution companies, whose income contribution of P328 million was up 10%. The generation companies turned in a lower contribution of P87 million, down 34%, resulting mainly from a combination of lower rainfall in the first quarter and reduced capacity fee payments from the National Power Corporation per their contract with Luzon Hydro Corporation.

The banking group generated the largest income for AEV, with a combined contribution of P599 million, up 75% from the first quarter of 2006. The acquisition of iBank coupled with organic growth pushed UnionBank of the Philippines' (UnionBank) total resources 97% higher to P208 billion from P105 billion in the same period last year. City Savings Bank's income contribution grew by an impressive 390%, as it registered robust growth in both its loan portfolio and deposit base.

The transport group contributed a loss of P20 million, a significant improvement against last year's first quarter loss of P126 million. Much of the improvement is attributable to the aggressive cost-cutting measures implemented over the last few years. The company has recently converted unused passage capacity to make room for the growing demand for freight capacity, particularly for its RORO service, which now contributes over 12% of the freight business of Aboitiz Transport System Corporation (ATSC).

Pilmico Foods Corporation contributed P130 million, up by 26% over the first quarter last year as a result of higher margins during the period. Expansion in its swine and feedmill capacity is ongoing, to meet the growing demand in these segments of the food business.

In January, AEV received the net proceeds of P5.9 billion from the sale of its treasury shares, further boosting its capital to P 28.9 billion and increasing outstanding shares issued to 5.695 billion.

AEV's cash balance at the end of the quarter stood at P12.5 billion, after paying a cash dividend of P1.13 billion in February, equivalent to P0.20 per share.

Current ratio for the period improved to 3.01 from 2.07 , while its debt-to-equity also improved from 0.72 to 0.55.

Material Changes in Line Items of Registrant's Income Statement

Gross profit for the 1st quarter of 2007 registered a 136% increase over the same period last year. Consolidated revenue grew by 6% while costs and expenses increased only by 1%.

Majority of the subsidiaries reported improvement in margins due to growth in sales during the current period. For the power group, the surge in revenue was principally due to the average 6.5% increase in gigawatt-hour (gwhr) sales generated by the distribution subsidiaries.

The boost in sales for the food group was attributed to the rise in sales volume and price in its flour, feeds and swine businesses.

The operating gross margins of Aboitiz Transport System Corp. (ATS) and its subsidiaries also improved, mainly as a result of the P170 million decrease in consolidated costs and expenses. These enormous savings were achieved through the aggressive efficiency drive and cost-cutting measures that have been implemented across the transport group.

Share in net earnings of associates increased by 37% principally due to the combined income contribution of Unionbank and City Savings Bank (CSB) which jumped 75% to P599 million. Unionbank realized substantial trading gains during the quarter while CSB registered considerable growth in its loan portfolio and deposit base. The P49 million decrease in income contribution by Luzon Hydro Corp. (LHC) partially offset the increase in equity earnings. LHC's revenue declined due to the reduction in contracted capacity fee rates and decrease in gwhrs generated as a result of lower rainfall.

Other Income decreased by P36 million, mainly due to lower gain on sale of assets generated during the current period.

The overall improvement in consolidated operating income was further boosted by the 54% increase in interest income, coupled with the 32% reduction in interest expense. Higher cash balances at parent level and decrease in average debt level and interest rates accounted for this improvement. Provision for income tax increased by 141% as a result of the higher taxable income reported by the group.

Changes in Registrant's Resources, Liabilities and Shareholders Equity

Compared to year-end 2006 levels, consolidated assets increased by 12.5%, from P40.84 billion in Dec. 2006 to P45.95 billion in Mar. 2007, due to the ff.:

a. Cash & Cash Equivalents - up 56% (P12.53 billion vs P8.01 billion) mainly due to the higher cash balances maintained at parent company level. In January, 2007, AEV sold all of its treasury shares and generated P5.94 billion in net proceeds. Since the major power acquisitions were made only in April 2007, funds generated from this sale still remained with the Company as of end of the current period.

b. Other Current Assets - increased by 20% (P1.30 billion vs P1.08 billion) substantially due to build up of unutilized prepaid taxes by ATS. These prepaid taxes represent creditable taxes withheld by customers and creditable senior citizen discounts which can be used as payment of future income taxes due by ATS.

c. Investments and Advances - reached P14.5B due to the increase in the carrying values of equitized investments as share in the earnings of associates amounting to P781 million was recorded during the period, net of the P103 million cash dividends received.

d. Other Noncurrent Assets - up 9% (P646 million vs P591 million) principally due to the increase in the biological assets carried by Fil-am Foods, Inc., a wholly-owned subsidiary.

The above increases were partially offset by the 11% decrease in Trade and Other Receivables as ATS fully collected the unpaid balance from the sale of its shareholdings in Davao Integrated Port and Stevedoring Services Corp. (DIPPSCOR). This DIPPSCOR sale was transacted in December, 2006.

Consolidated bank loans and long-term liabilities decreased by 10% or P1.02 billion compared to 2006 year-end level, mainly due to prepayment of debt. With its positive cashflows, ATS further reduced its interest-bearing debt by P690 million during the period. Likewise, the other subsidiaries paid their loan amortizations due using internally-generated funds.

Customers' deposits grew by 5% due to the increase in the Power Distribution group's customer base and adjustments in required amounts of deposits to comply with Magna Carta and Distribution Service and Open Access Rules (DSOAR).

Income tax payable was up 224% as 4th qtr. 2006 and 1st qtr. 2007 income taxes due were accrued in the books as of March, 2007 but were remitted to the BIR only during the next succeeding quarter.

Equity attributable to equity holders of the parent grew by 25%, from P23.08 billion as of Dec., 2006 to P28.92 billion as of Mar., 2007, principally due to the sale of all the treasury shares. The P4.45 billion net gains generated from this sale increased Additional Paid-in Capital by 332% from 2006 year-end level.

Retained earnings remained flat as its increase coming from the recorded P1.08 billion in net income was more than offset by the P1.14 billion cash dividends declared during the period.

The 32% decline in share in cumulative translation adjustments of associates was due to the further appreciation of the Phil. Peso in Mar. 2007, from P49.045 as of Dec 31, 2006 to P48.217 as of end of current period. The power generating associates, which adopt the US $ functional currency financial reporting, recorded considerable foreign exchange adjustments in generating their Mar., 2007 financial statements under the peso presentation currency. These foreign exchange adjustments are booked under Cumulative Translation Adjustments account.

Material Changes in Liquidity and Cash Reserves of Registrant

For the 1st qtr of 2007, 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 disposes of certain assets to strengthen its cash position and be financially prepared when major investment opportunities come along.

Consolidated cash generated from operating activities increased by 540%, from P203 million in the 1st qtr of 2006 to P1.30 billion in the current quarter under review. This increase was largely a result of higher income generated and collection of receivables. During the quarter a year ago, more funds were used in maintaining higher inventory levels.

The current quarter ended up with a P298 million net cash used in investing activities, compared to the P61 million net cash generated during same period last year. While cash dividends received from investees were P80 million higher, capital expenditures were P233 million more during the present period.

Net cash provided by financing activities jumped 334% to P3.54 billion. The treasury share sale in Jan., 2007 added P5.94 billion to cash. This increase was partially offset by the higher debt settlement this quarter totaling P1.02 billion and higher cash dividends paid. The 1st qtr. of 2006 registered a net loan availment of P2.02 billion as the Company booked a P2.2 billion long-term debt.

For period ended Mar., 2007, net cash inflows were higher than cash outflows, resulting to a 56% increase in cash and cash equivalents, from P8.01 billion in Dec. 2006 to P12.53 billion in Mar. 2007.

Financial Ratios

The 12% decrease in current liabilities resulting from payment of short-term borrowings and loan amortizations due, complemented by the 28% increase in current assets, accounted for the improvement in current ratio , from 2.07:1 as of year-end 2006 to 3.02:1 as of Mar., 2007. Likewise, both debt-to-equity and net debt-to-equity ratios improved, from 0.72:1 and 0.17:1 as of Dec., 2006 to 0.55:1 and -0.06:1 as of Mar., 2007, respectively.

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

While there are some areas of concern regarding the country's overall business situation, AEV is optimistic that 2007 will bring more opportunities for further growth to the Group. This view is based on a number of industry specific developments that will affect how well AEV's investee companies perform in the current year. These developments are as follows:

Power Industry (Generation Sector)

APC formed a joint venture with SN Power of Norway, and was successful in its bid for NPC's 360 MW Magat hydroelectric facility in Isabela province. The Power Sector Assets and Liabilities Corporation (PSALM) turned over the plant to SN Aboitiz Power Inc. (SNAP), the joint venture company, last April 26, 2007. SNAP also intends to bid for other hydropower assets including the Ambuklao and Binga hydroelectric power complex.which the NPC, through PSALM, intends to dispose of in 2007.

Power Industry (Distribution Sector)

All of the distribution utilities are expected to carry on their solid performance from 2006. Specifically, DLPC will continue to lead the Group in income contribution and operating efficiency. It is also anticipated that VECO, with the system and operating changes it has established over the three years, will generate a larger portion of the Group's income in the coming year. SFELAPCO will continue to enjoy sales and volume growth from its acquisition in 2004 of an additional distribution franchise and service area (i.e. from Manson Corp. covering the area of Floridablanca in Pampanga). After experiencing very minimal electricity demand growth in 2006, we expect this to rise in 20007, with the higher disposable income available to the consumer.

Financial Services

Union Bank (UBP) should complete the full integration of its iBank acquisition by the first semester of 2007. This should result in large cost reductions primarily in information technology and in manpower costs. Also, the rationalization of branches should result in additional cost savings. UBP intends to grow its lending business, as we see the beginning of a new credit cycle. A primary offering is planned by UBP to raise about US$100 million in new capital, to better position the bank for any further consolidation in the industry, and to strengthen its balance sheet in preparation for the Basel II accord to be implemented in 2007.

City Savings is forecast to continue its very robust growth in its loan portfolio as it plans to open up several new full service branches within the year.

Food Manufacturing

With the high prices being experienced in the global commodity markets, particularly in wheat, corn, soya and other raw materials used by Pilmico, profit margins may decline. But with its strategy in being the low-cost producer in the industry, Pilmico is well-positioned to weather the current market conditions. Raw material price increases can be passed on to a major extent as has been experienced in recent years. The feed and swine business continue to grow significantly, and expansion in both of these businesses is ongoing.

Transport

ATSC faced many challenges in 2006, mainly from the high price of fuel and from aggressive price competition from low-cost air carriers. But fuel prices have started to come down, and its fuel bill should decline considerably in 2007. The company also sold two of its Superferries in December 2006. The first was delivered in December 2006, and the second was delivered in April 2007. The proceeds from the sale will reduce the company's debt considerably, and consequently, interest expense will decline sharply. Some of the remaining Superferries will also be reconfigured to take on more freight and less passengers. This move will help the fleet achieve higher load factors throughout the year. Although fleet capacity will be reduced with the sale of 2 vessels, achieving higher load factors will mitigate the decline in overall capacity.

All these initiatives are expected to improve the company's freight and passage businesses. These will then translate to a bigger market share of the industry and better margins for ATSC.

Except for the developments disclosed in some other portion of this report and the audited financial statements, there are, as of March 31, 2007 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	**Aboitiz Equity Ventures, Inc.**
Principal Accounting Officer	**Melinda R. Bathan**
Signature and Title	**Vice President – Controller**
Date	**May 21, 2007**
Corporate Secretary	**M. Jasmine S. Oporto**
Signature and Title	**First Vice President - Legal / Corporate Secretary**
Date	**May 21, 2007**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AT MARCH 31, 2007 AND DECEMBER 31, 2006
(Amounts in Thousands)

	UNAUDITED MAR 2007	AUDITED DEC 2006
ASSETS		
Noncurrent Assets		
Property, plant, and equipment - net	**9,761,904**	9,675,326
Investment Property	**178,469**	194,175
Investments and advances	**14,516,641**	13,873,533
Available-for-sale (AFS) investments	**98,241**	96,831
Goodwill	**803,862**	775,754
Pension Asset	**45,640**	16,731
Deferred income tax assets	**506,589**	516,304
Other noncurrent assets - net	**645,796**	590,977
Total Noncurrent Assets	**26,557,142**	25,739,632
Current Assets		
Cash and cash equivalents	**12,527,814**	8,009,957
Trade and other receivables - net	**3,262,226**	3,661,364
Inventories - net	**1,645,790**	1,693,333
Other current assets	**1,297,133**	1,080,627
	18,732,964	14,445,281
Noncurrent asset classified as held for sale	**663,344**	659,510
Total Current Assets	**19,396,308**	15,104,791
TOTAL ASSETS	**45,953,450**	40,844,423
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	**301,967**	823,720
Trade and other payables	**4,662,853**	4,625,153
Dividends payable	**10,995**	11,416
Income tax payable	**298,913**	92,270
Current portion of long-term debt	**1,051,616**	1,169,082
Current portion of obligations under finance lease	**94,448**	113,823
	6,420,792	6,835,465
Liabililities directly associated w/ asset classified as held for sale	**-**	455,037
Total Current Liabilities	**6,420,792**	7,290,502
Noncurrent Liabilities		
Long-term debt - net of current portion	**5,962,127**	5,855,787
Obligations under finance lease - net of current portion	**64,182**	81,080
Customers' deposits	**1,187,221**	1,128,794
Redeemable preferred shares	**2,139,832**	2,139,832
Pension liability	**41,564**	48,193
Deferred income tax liability	**17,511**	16,999
Total Noncurrent Liabilities	**9,412,437**	9,270,685
Total Liabilities	**15,833,229**	16,561,187
Equity Attributable to Equity Holders of the Parent		
Capital stock	**5,694,600**	5,694,600
Additional paid-in capital	**5,791,324**	1,341,245
Net unrealized valuation gain (loss) of AFS investments	**19,056**	16,058
Cumulative translation adjustments	**(4,189)**	(4,189)
Share in cumulative translation adjustments of associates	**73,290**	107,427
Share in net unrealized loss on available-for-sale securities & underwirting accounts of associates	**39,519**	39,519
Retained earnings	**17,306,216**	17,368,629
Treasury stock at cost	**-**	(1,485,025)
	28,919,816	23,078,264
Minority Interests	**1,200,405**	1,204,972
Total Equity	**30,120,221**	24,283,236
TOTAL LIABILITIES AND EQUITY	**45,953,450**	40,844,423

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED MARCH 31, 2007 AND 2006
(Amounts in Thousands)
(UNAUDITED)

	JAN-MAR/07	JAN-MAR/06
REVENUES	**6,646,995**	6,266,791
COSTS AND EXPENSES	**6,119,809**	6,043,354
GROSS PROFIT	**527,186**	223,437
OTHER INCOME (CHARGES)		
Share in net earnings of associates	**781,037**	568,106
Interest income	**124,316**	80,630
Interest expense	**(199,146)**	(295,010)
Other income	**52,532**	88,933
	758,739	442,658
INCOME BEFORE INCOME TAX	**1,285,925**	666,094
PROVISION FOR INCOME TAX	**215,919**	89,495
NET INCOME	**1,070,006**	576,599
ATTRIBUTABLE TO:		
EQUITY HOLDERS OF THE PARENT	**1,076,508**	639,856
MINORITY INTERESTS	**(6,502)**	(63,257)
	1,070,006	576,599
Earnings Per Common Share **		
Basic, for income for the period attributable to ordinary holders of the parent	**0.189**	0.130
Diluted, for income for the period attributable to ordinary holders of the parent	**0.189**	0.130

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

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE PERIODS ENDED MARCH 31, 2007 AND DECEMBER 31, 2006

	Attributable to equity holders of the parent										
	Capital Stock Common	Preferred	Additional Paid-in Capital	Net Unrealized Gains (Losses) on Noncurrent Marketable Equity Securities and AFS Investments	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates	Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate	Retained Earnings	Treasury Stock	Minority Interests	Total
Balances at December 31, 2006	**5,694,600**		**1,341,245**	**16,058**	**(4,189)**	**107,427**	**39,519**	**17,368,629**	**(1,485,025)**	**1,204,972**	**24,283,237**
Sale of treasury shares			4,450,080						1,485,025		5,935,104
Net income for the period								1,076,508		(6,502)	1,070,006
Cash dividends								(1,138,920)			(1,138,920)
Movement of unrealized valuation gains of AFS investments				2,998							2,998
Movement of cumulative translation adjustments					-					1,934	1,934
Share in movement of cumulative translation adjustment of associates						(34,138)					(34,138)
Balances at March 31, 2007	**5,694,600**	**-**	**5,791,324**	**19,056**	**(4,189)**	**73,290**	**39,519**	**17,306,217**	**-**	**1,200,405**	**30,120,221**

	Attributable to equity holders of the parent										
	Capital Stock Common	Preferred	Additional Paid-in Capit	Net Unrealized Gains (Losses) on Noncurrent Marketable Equity Securities and AFS Investments	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates	Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate	Retained Earnings	Treasury Stock	Minority Interests	Total
Balances at December 31, 2005	**5,694,600**	**-**	**1,201,051**	**1,656**	**(2,097)**	**373,330**	**122,290**	**14,346,796**	**(1,576,463)**	**1,178,330**	**21,339,493**
Sale of treasury shares			140,194						91,438		231,632
Net income for the period								3,753,926		60,127	3,814,053
Cash dividends								(735,955)			(735,955)
Acquisition of minority interest								3,862			3,862
Movement of unrealized valuation gains of AFS investments				14,402						-	14,402
Share in movement of unrealized valuation gains on AFS investments of associates							(82,771)				(82,771)
Movement of cumulative translation adjustments					(2,092)					(33,485)	(35,577)
Share in movement of cumulative translation adjustment of associates						(265,902)					(265,902)
Balances at December 31, 2006	**5,694,600**	**-**	**1,341,245**	**16,058**	**(4,189)**	**107,427**	**39,519**	**17,368,629**	**(1,485,025)**	**1,204,972**	**24,283,237**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE PERIODS ENDED MARCH 31, 2006

	Attributable to equity holders of the parent										
	Capital Stock Common	**Preferred**	**Additional Paid-in Capital**	**Net Unrealized Gains (Losses) on Noncurrent Marketable Equity Securities and AFS Investments**	**Cumulative Translation Adjustments**	**Share in Cumulative Translation Adjustments of Associates**	**Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate**	**Retained Earnings**	**Treasury Stock**	**Minority Interests**	**Total**
Balances at December 31, 2005	**5,694,600**	**-**	**1,201,051**	**1,656**	**(2,097)**	**373,330**	**122,290**	**14,346,796**	**(1,576,463)**	**1,178,330**	**21,339,493**
Net income for the period								639,856		(63,257)	576,599
Cash dividends								(735,956)			(735,956)
Effect of peso translation of prior years' net US dollar foreign exchange gain								17,749			17,749
Movement of unrealized valuation gains of AFS investments				(6,293)						(60)	(6,353)
Share in movement of unrealized valuation gains on AFS investments of associates							(121,950)				(121,950)
Movement of cumulative translation adjustments					(663)					64	(599)
Share in movement of cumulative translation adjustment of associates						(138,244)					(138,244)
Balances at March 31, 2006	**5,694,600**	**-**	**1,201,051**	**(4,637)**	**(2,760)**	**235,086**	**340**	**14,268,446**	**(1,576,463)**	**1,115,077**	**20,930,740**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED MARCH 31, 2007 AND 2006
(Amounts in Thousands)
(UNAUDITED)

	JAN-MAR/07	JAN-MAR/06
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	**1,285,925**	666,094
Adjustments for:		
Share in net earnings of associates	**(781,037)**	(568,106)
Depreciation and amortization	**428,591**	453,682
Interest income	**(124,316)**	(80,630)
Interest expense	**199,146**	295,010
Dividend income	**(706)**	-
Provision for decline in value of assets	**65**	-
Provision for retirement benefits	**1,288**	-
Unrealized foreign exchange loss	**22,030**	69,495
Gain on sale of investments in shares of stock	**548**	-
Gain on sale of available for sale investments	**(594)**	-
Gain on sale of property, plant & equipment	**(339)**	(33,341)
Operating income before working capital changes	**1,030,601**	802,205
Changes in:		
Decrease (increase) in operating current assets	**255,880**	(914,202)
Increase in operating current liabilities	**134,980**	325,852
Cash provided by operations	**1,421,462**	213,855
Income and final taxes paid	**(119,048)**	(10,539)
Net cash provided by operating activities	**1,302,414**	203,316
CASH FLOWS FROM INVESTING ACTIVITIES:		
Dividends received	**104,182**	20,281
Interest received	**98,611**	68,894
Decrease in investments and advances	**315**	263,090
Acquisitions of property, plant and equipment - net	**(503,023)**	(270,545)
Disposals of available for sale investments	**2,183**	4,245
Proceeds from sale of investments in shares of stock	**(548)**	-
Decrease (increase) in other assets	**247**	(24,364)
Net cash provided by (used in) investing activities	**(298,034)**	61,602
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from (payments of) loans payable	**(521,753)**	194,416
Proceeds from (payments of) long-term debt	**(502,437)**	1,826,107
Interest paid	**(235,112)**	(470,073)
Cash dividends paid	**(1,138,920)**	(735,956)
Increase in minority interest	**1,934**	4
Re-issuance of treasury shares	**5,935,104**	-
Net cash provided by financing activities	**3,538,816**	814,498
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**4,543,196**	1,079,416
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	**(25,338)**	(69,495)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**8,009,957**	4,622,676
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	**12,527,814**	**5,632,597**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
FINANCIAL STATEMENT SCHEDULES AND DISCLOSURES
AT MARCH 31, 2007 AND DECEMBER 31, 2006
(peso amounts in thousands)

A. INVESTMENTS AND ADVANCES

	% OWNERSHIP 2007	MAR 2007	DEC 2006
Investments in shares of stock			
At equity			
Acquisition cost:			
Union Bank of the Philippines	42.14%	**4,184,474**	4,184,474
Accuria, Inc.	49.54%	**567,451**	567,451
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.	46.66%	**857,197**	857,197
San Fernando Electric Light & Power Co., Inc.	43.78%	**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.	54.70%	**651,469**	651,469
City Savings Bank	34.42%	**78,998**	78,991
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
One Cebu Energy Solutions, Inc.	60.00%	**750**	750
Aboitiz Projects TS Corp.	50.00%	**1,888**	1,888
Reefer Van Specialist, Inc.	50.00%	**7,150**	7,150
Refrigerated Transport Services, Inc.	50.00%	**4,600**	4,600
WG&A Jebsen Ship Management, Inc.	50.00%	**400**	400
Hapag-Lloyd Philippines, Inc.	40.00%	**1,800**	1,800
Jade Ocean Shipmanagement, Inc.	15.00%	**3,986**	3,986
JAIB, Inc.	49.00%	**1,884**	1,884
Balance at end of period		**8,486,088**	8,486,080
Accumulated equity in net earnings:			
Balance, beginning of year		**5,050,712**	5,288,814
Share in net earnings for the year		**781,037**	2,114,710
Investments sold		**-**	(42,919)
Cash dividends received		**(103,476)**	(2,309,893)
Balance, end of period		**5,728,272**	5,050,712
Share in net unrealized gains (losses) on available-for-sale securities & underwriting accounts of an associate		**39,519**	39,519
Share in associates' cumulative translation adjustments		**73,290**	107,427
		14,327,169	13,683,738
Allowance for decline in value		**(28,995)**	(28,995)
Investments, at equity		**14,298,174**	13,654,743
Advances to investees		**218,192**	218,789
		14,516,366	**13,873,533**

B. ACCOUNTS PAYABLE & ACCRUED EXPENSES

Trade	2,126,895
DOSRI	-
Others	2,535,958
TOTAL	**4,662,853**

C. SHORT-TERM LOANS

	Effective Interest Rate	2007	2006
Financial institutions - unsecured	5.45% - 6.8%	**301,967**	823,720

D. LONG-TERM LOANS

	Effective Interest Rate	2007	2006
Company:			
Financial institutions - unsecured			
peso denominated loans	various	**4,170,000**	4,170,000
Non-financial institutions	11.00% - 12.00%	**22,500**	22,500
		4,192,500	4,192,500
Subsidiaries:			
ATSC and subsidiaries			
Financial institutions - secured:			
Peso loans due until 2010	8.41% to 10.70%	**1,085,641**	1,711,859
Australian (AU) dollar loan due until 2009			18,215
		1,085,641	1,730,074
HEDCOR			
Financial institution - secured	2.25% over the applicable three-month Treasury Securities rate	**648,000**	649,000
DLP			
Financial institutions - secured	10.89% - 11.2%	**293,333**	320,000
PILMICO			
Financial institutions - secured	various	**266,025**	293,590
SEZC			
Financial institution - secured	9.50%	**185,000**	182,486
FILAM			
Financial institution - secured	9.41% - 10.04%	**329,167**	95,833
CLP			
Financial institution - secured	8.78%	**14,076**	16,423
		2,821,242	3,287,406
Total		**7,013,742**	**7,479,906**
Less: Current portion		**1,051,616**	**1,169,082**
		5,962,126	**6,310,824**
Less: Liabilities directly associated with noncurrent asset classified as held for sale		**0**	**455,037**
		5,962,126	5,855,787

E. DEBT SECURITIES

The P300 million long-term Commercial Papers issued in 1997 by Davao Light & Power Co., Inc., one of the subsidiaries, were fully prepaid in December 2001. Since then, there have been no new debt security issuances made by the registrant or its subsidiaries.

F. EARNINGS PER SHARE

Earnings per common share amounts were computed as follows:

	2007	2006
a. Net income to common stockholders	**1,076,508**	639,856
b. Average number of outstanding shares	**5,694,599,621**	4,906,368,683
c. Earnings per share (a/b)	**0.189**	0.130

G. BUSINESS SEGMENT INFORMATION

Financial information on the operations of the business segment is summarized as follows:

	Power		Food Manufacturing		Transport Services		Parent Company and Others		Eliminations		Consolidated	
	Jan-Mar 2007	Jan-Mar 2006	**Jan-Mar 2007**	Jan-Mar 2006	**Jan-Mar 2007**	Jan-Mar 2006	**Jan-Mar 2007**	Jan-Mar 2006	**Jan-Mar 2007**	Jan-Mar 2006	**Jan-Mar 2007**	Jan-Mar 2006
REVENUES	**2,163,835**	1,984,374	**1,957,228**	1,696,230	**2,531,521**	2,485,992	**102,550**	100,195	**(108,139)**	-	**6,646,995**	6,266,791
RESULT												
Segment results	**312,895**	266,108	**201,479**	158,332	**(30,156)**	(245,553)	**42,968**	44,550	**-**	-	**527,186**	223,437
Unallocated corporate income (expenses)	**21,263**	26,624	**7,128**	153	**15,343**	110,369	**8,799**	(48,214)	**-**	-	**52,532**	88,933
INCOME FROM OPERATIONS											**579,718**	312,369
Interest Expense	**(27,191)**	(53,690)	**(10,664)**	(13,795)	**(44,824)**	(92,787)	**(116,467)**	(134,738)	**-**	-	**(199,146)**	(295,010)
Interest Income	**10,259**	20,548	**3,203**	1,737	**2,590**	10,504	**108,264**	47,841	**-**	-	**124,316**	80,630
Share in net earnings of associates	**97,656**	152,316	**-**	1,916	**3,676**	(460)	**1,116,860**	700,401	**(437,155)**	(286,068)	**781,037**	568,106
Provision for Income tax	**(88,721)**	(95,552)	**(71,041)**	(45,496)	**22,592**	25,533	**(78,749)**	26,020	**-**	-	**(215,919)**	(89,495)
NET INCOME											**1,070,006**	576,599
OTHER INFORMATION	**Mar 2007**	Dec 2006	**Mar 2007**	Dec 2006	**Mar 2007**	Dec 2006	**Mar 2007**	Dec 2006	**Mar 2007**	Dec 2006	**Mar 2007**	Dec 2006
Segment assets	**5,455,971**	2,656,399	**1,943,415**	2,123,510	**4,081,547**	4,568,249	**13,658,902**	6,421,034	**(5,743,526)**	(664,400)	**19,396,308**	15,104,791
Investments and advances	**2,104,841**	2,153,859	**-**	-	**41,031**	37,355	**25,761,862**	24,697,161	**(13,391,367)**	(13,014,842)	**14,516,366**	13,873,533
Unallocated corporate assets	**3,611,367**	3,527,019	**1,594,637**	1,480,099	**5,709,300**	5,696,362	**541,837**	607,093	**583,634**	555,526	**12,040,775**	11,866,099
Consolidated total assets											**45,953,450**	40,844,423
Segment liabilities	**4,104,069**	1,596,445	**1,450,534**	1,714,021	**4,989,783**	5,473,623	**10,731,634**	8,343,781	**(5,800,779)**	(724,145)	**15,475,241**	16,403,725
Unallocated corporate liabilities	**194,385**	94,866	**101,468**	33,643	**43,132**	12,691	**19,004**	16,262	**-**	-	**357,988**	157,462
Consolidated total liabilities											**15,833,229**	16,561,187
Depreciation	**97,587**	119,996	**27,511**	10,411	**292,591**	314,145	**10,902**	9,130	**-**	-	**428,591**	453,682

H. DISCLOSURES

1. Accounting Policies

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the Philippines as set forth in Philippine Financial Reporting Standards (PFRS).

The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements.

2. Seasonality of Interim Operations

The hydro-power generating companies traditionally experience their peak production and revenue period between the months of May and November.

There were no 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
On January 11, 2007, AEV Board of Directors approved the declaration of cash dividend of P0.20 per share to all stockholders of record as of the close of business hours on February 9, 2007, payable on February 23, 2007. Cash dividends paid on said date amounted to P1.139 Billion, using internally-sourced funds.

For subsequent years the Board also voted to adopt the policy of distributing at least one-third of its previous year's earnings as cash dividends to its stockholders.

b. Magat Power Plant
On January 9, 2007, the Power Sector Assets and Liabilities Management Corporation (PSALM) issued the Notice of Award to the consortium between Aboitiz Power Corporation and Norway's SN Power, SN Aboitiz Power, Inc. (SNAP), officially declaring the group as the winning bidder for the 360-megawatt Magat Hydroelectric Power Plant in Ramon, Isabela.

The Company was advised by its affiliate, SN Aboitiz Power, Inc. (SNAP), that as of midnight of April 26, 2007, the PSALM had turned over possession and control of the Magat power plant to SNAP after PSALM received a down payment of US$371 million toward the purchase of the plant. The balance of US$159 million is to be paid over a period of seven years.

c. Initial Public Offering (IPO)
In January 11, 2007, the Board of Directors of both Aboitiz Power Corporation (APC), a wholly-owned subsidiary, and the Company approved the IPO of APC, subject to the approval of the PSE, SEC and all other required regulatory authorities. The BOD of the Company also approved the consolidation of all the Company's power assets and the transfer of the Company's interests in various power distribution companies to APC in exchange for APC shares, subject to the approval of the PSE, SEC, BIR and all other required regulatory authorities. Said exchange of shares was approved by the SEC on May 4, 2007.

In preparation for its IPO, APC filed on April 25, 2007 a preliminary registration statement for the registration of 7.2 billion common shares with the SEC. The number includes 1.8 billion new common shares that will be offered to the public through the IPO. APC will also file its application for listing of the shares with the PSE.

APC expects to raise an estimated P8.4 billion from the IPO.

d. Treasury Sales
On January 26, 2007, the Company successfully placed its entire treasury shares holdings representing 742,511,938 shares at a price of 8.20 per share or a 5.7% discount to the share price close of 8.70. The treasury sale transaction represents approximately 6.1 billion, equivalent to US$124 million. The proceeds of the sale will be used by the Company for its various power projects and participation in the privatization in the NPC's power plants.

e. APC & TCIC Joint Venture
APC has entered into a Memorandum of Agreement with Taiwan Cogeneration International Corp. (TCIC) to collaborate in the building and operation of an independent coal-fired power plant in the Subic Bay Freeport Zone. APC and TCIC have agreed to form a joint venture company which will serve as vehicle for the implementation of the proposed Subic Bay coal-fired power plant.

The proposed Subic Bay coal-fired power plant is expected to supply electricity to Subic Bay Metropolitan Authority (SBMA) and other economic zones around the country.

f. Capital Infusion into APC
On April 12, 2007, the Company subscribed for and was issued an additional 400,000,000 Shares of APC for a subscription price of P4.0 billion. The Company intends to use this subscription amount to cover a portion of the initial 40% down payment of U.S.$212.0 million for the Magat hydroelectric plant payable on April 25, 2007.

g. Acquisition of EAUC and CPPC
On April 20, 2007, APC acquired a 50% ownership interest in East Asia Utilities Company (EAUC) for approximately P131.0 million and assumed P878.0 million owed to EAUC. EAUC operates a 50 MW thermal plant within the MEPZ 1 export processing zone in Mactan island near Cebu.

On same date, APC also purchased 60% of the outstanding common shares of Cebu Private Power Corp. (CPPC) for approximately P176.0 million. CPPC operates a 70 MW thermal plant in Cebu City under a BOT agreement to supply 62 MW of power to VECO.

h. UBP Share Offering
The Company was advised by its associate, UnionBank, that it has successfully priced the international tranche of its offering of new common shares at P59 per share. This offering will raise approximately P4.6 billion in gross proceeds. There is a 15% over-allotment option which, upon exercise, could potentially increase the offering size up to approximately P5.3 billion.

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

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

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

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

4. Material Adjustments

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

5. Contingencies

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

ABOITIZ EQUITY VENTURES, INC. & SUBSIDIARIES

AGING OF RECEIVABLES

AS OF : MAR 31/2007

	30 Days	60 Days	90 Days	Over 90 Days	Total
A/R - Trade:					
Power Generation/Distribution Customers	383,010	43,822	33,251	83,375	543,458
Food Production Customers	407,165	115,099	11,968	27,555	561,787
Aviation Services Customers	3,959	0	84	0	4,043
Real Estate Lessees	8,651	72	2	96	8,821
Transport Services Customers	826,715	70,553	40,920	502,002	1,440,190
Management Services Customers	18,307	20	148,996	4,747	172,070
Sub-total - A/R - Trade	**1,647,807**	**229,566**	**235,221**	**617,775**	**2,730,369**
Less : Allowance for Doubful Accounts					**350,143**
Net Trade Receivables					**2,380,226**
A/R - Non Trade	**477,532**	**42,905**	**73,063**	**288,500**	**882,000**
					(0)

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