COVER SHEET

CE02536

S.E.C. Registration Number

ABOITIZ EQUITY VENTURES, INC.

(Company's Full Name)

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

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

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

3rd Quarterly Report

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

Secondary License Type, if Applicable

SEC

Dept. Requiring this Doc

Amended Articles Number/Section

11,001	x	
Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

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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, 2011**

2. Commission identification number **CE02536** 3. BIR Tax Identification No. **003-828-269-V**

4. Exact name of issuer as specified in its charter **ABOITIZ EQUITY VENTURES, INC.**

5. Province, country or other jurisdiction of incorporation or organization **Cebu City, Philippines**

6. Industry Classification Code: ________ (SEC Use Only)

7. Address of issuer's principal office Postal Code

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

8. Issuer's telephone number, including area code

   (032) 2312580

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

   N.A.

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common stock, P1.00 par value	**5,521,871,821**
Total debt	**₱105,771,013,918**

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

    Yes [**x**] No [ ]

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

    Philippine Stock Exchange **Common**

12. Indicate by check mark whether the registrant:

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

Yes [**x**] No [ ]

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

Yes [**x**] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the financial statements and schedules attached herewith.

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

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

Top Five Key Performance Indicators

Management uses the following indicators to evaluate the performance of registrant Aboitiz Equity Ventures, Inc. and its subsidiaries (the Company and its subsidiaries are hereinafter collectively referred to as the "Group"):

1. EQUITY IN NET EARNINGS OF INVESTEES
   Equity in net earnings (losses) of investees represents the Group's share in the undistributed earnings or losses of its investees for each reporting period subsequent to acquisition of said investment, net of goodwill impairment cost, if any. Goodwill is the difference between the purchase price of an investment and the investor's share in the value of the net identifiable assets of investee at the date of acquisition. Equity in net earnings (losses) of investees indicates profitability of the investments and investees' contribution to the Group's consolidated net income.

   Manner of Computation: Investee's Net Income (Loss) x Investor's % ownership – Goodwill Impairment Cost

2. EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION & AMORTIZATION (EBITDA)
   The Company computes EBITDA as earnings before extra-ordinary items, net finance expense, income tax provision, depreciation and amortization. It provides management and investors with a tool for determining the ability of the Group to generate cash from operations to cover financial charges and income taxes. It is

also a measure to evaluate the Group's ability to service its debts and to finance its capital expenditure and working capital requirements.

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

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

5. **DEBT-TO-EQUITY RATIO**
Debt-to-Equity ratio gives an indication of how leveraged the Group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total debt by stockholders' equity.

	JAN-SEPT 2011	**JAN-SEPT 2010**
EQUITY IN NET EARNINGS OF INVESTEES	**8,072,806**	4,456,607
EBITDA	**29,117,344**	29,601,436
CASH FLOW GENERATED:		
Net cash provided by operating activities	**16,802,458**	20,607,364
Net cash provided by (used in) investing activities	**(3,920,356)**	(7,715,475)
Net cash used in financing activities	**(9,499,590)**	(6,576,674)
Net Increase (Decrease) in Cash & Cash Equivalents	**3,382,511**	6,315,216
Cash & Cash Equivalent, Beginning	**26,097,203**	5,582,228
Cash & Cash Equivalent, End	**29,513,799**	12,118,401
	SEP 30/11	**DEC 31/2010**
CURRENT RATIO	**3.05**	2.36
DEBT-TO-EQUITY RATIO	**1.20**	1.23

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

Equity in net earnings of investees registered an 81% year-on-year ("YoY") increase. This improvement was attributed to the strong performance of the majority of the power associates. Bulk of the increase was coming from the growth in the combined income contributions of SN Aboitiz Power-Magat, Inc. (SNAP-Magat) and SN Aboitiz Power-Benguet, Inc. (SNAP-Benguet) due to significant upsurge in their ancillary service revenues.

The 2% decrease in EBITDA was mainly attributable to the decline in gross profit of the power generation group, resulting from lower revenues as net generation dipped and average selling price softened during the current period. Moreover, under the present unfavorable global supply scenario, increase in coal prices put a squeeze to the profit margins of the group. This decrease in EBITDA was partially cushioned by the growth in equity earnings of associates.

Current ratio went up from year-end 2010 level mainly due to the combined effect of the increase in current assets and the decline in current liabilities. The higher level of current assets was mainly attributed to the increase in cash and receivables generated from operations during the period under review. Likewise, debt-to-equity ratio also improved as the growth in equity outpaced the increase in consolidated liabilities.

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

Financial Results of Operations

For the first nine months of 2011, AEV and its subsidiaries recorded a consolidated net income of ₱16.04 billion, a 5% YoY decrease, which translated to a lower earnings per share of ₱2.91. In terms of income contribution, power group still accounted for the lion's share at 77%, followed by the banking and food groups at 17% and 6% each.

The Group generated a non-recurring net gain of ₱523 million (versus ₱408 million in 9M2010), which comprised the following: (1) a net loss of ₱28 million due to the revaluation of consolidated dollar-denominated loans and placements; (2) a ₱266 million gain from a power subsidiary's revenue adjustment in the first quarter that resulted from the favorable ruling by the industry regulator involving its ancillary services tariff structure; (3) a ₱137 million gain from a power associate's recovery of costs relating to its fuel importation in the second quarter; and (4) a ₱149 million gain from a power subsidiary's reversal of an accrued expense relating to its IPPA contract. Sans one-off items, the Group's core net income for the current period amounted to ₱15.52 billion, down 6% YoY.

Power

Aboitiz Power Corporation ("AP" or "AboitizPower") and its subsidiaries ended the period in review with an income contribution of ₱12.40 billion, a 12% decline from last year's ₱14.16 billion.

The power generation group reported a 16% YoY drop in earnings contribution to AEV, from ₱13.97 billion to ₱11.72 billion, mainly due to the lower average selling price and net generation recorded for the current period. It posted a 10% YoY decrease in average selling prices, brought about by the softening of the spot market prices as compared to 2010 levels. The average price in the Wholesale Electricity Spot Market ("WESM") registered a 48% YoY drop resulting from flat demand for electricity amidst the increase in supply in the island of Luzon. The negative impact on revenues was cushioned by AP's lower exposure in the spot market as it entered into more bilateral agreements, thus, increasing its contracted sales. Meanwhile, the group's attributable net generation registered a 2% YOY decline, from 7,340 GWh to 7,175 GWh, as sales made through the spot market reduced owing to prevailing low prices. The higher cost of coal also contributed to the decline in earnings as it reduced the profit margins on the contracted sales. Partially offsetting the decrease in income contributions were the higher earnings of SNAP-Magat, SNAP-Benguet, STEAG

State Power Inc. ("STEAG"), and TMI, and the full contributions of Cebu Energy Development Corporation ("CEDC") and Hedcor Sibulan, Inc. ("HSI"). For the SNAP group, the improvement was due to the increase in their ancillary service revenues. STEAG's earnings growth was attributed to higher coal margins and its recording of some non-recurring gains during the period under review, vis-à-vis last year's non-recurring loss. TMI's increase was mainly due to its one-time billing of a tariff rate adjustment amounting to ₱348 million as a result of Energy Regulatory Commission's ("ERC") approval in March 2011 of the motion for reconsideration it filed in 2010, relating to a component of its rate structure.

The power distribution group posted a 41% YoY improvement in earnings contribution to AEV, from ₱948 million to ₱1.34 billion. Its attributable electricity sales for the first nine months of 2011 rose by 3% YoY, from 2,677 GWh to 2,764 GWh, mainly due to the 6% increase in the power consumption of industrial customers. The rise in the group's profit margins was driven by this growth in GWh sales, complemented by higher selling prices resulting from the implementation of the rate increase (under a Performance Based Regulation scheme) by two power distribution utilities in August, 2010. Furthermore, Davao Light & Power Company, Inc.'s ("DLP" or "Davao Light") operating expenses declined YoY, as operation of its back-up power plant was not required given the improved power supply situation in Mindanao during the period under review.

Financial Services

Income contribution from the financial services group registered a 38% YoY improvement, from last year's ₱1.94 billion to ₱2.68 billion. Union Bank of the Philippines ("UBP" or "UnionBank") ended the current period with an earnings contribution of ₱2.32 billion, an increase of 26% YoY, while City Savings Bank Inc.'s ("CSB" or "CitySavings") share in earnings was ₱360 million, up 227% YOY. The main drivers of this growth were the improvement in the operating performances of UBP and CSB, and AEV's increased ownership in both banks.

UBP's 9M2011 net income was higher at ₱5.4 billion (vs ₱4.25 billion in 9M2010) mainly due to the 68% YoY increase (₱7.49 billion vs ₱4.47 billion) in its non-interest income, which complemented the 1% growth (₱5.21 billion vs ₱5.16 billion) in net interest income. AEV's higher ownership in UBP, from 40.91% to 43.27%, also boosted UBP's income contribution.

The 28% YoY increase in CSB's net income, from ₱282 million to ₱362 million, was attributed mainly to the 31% growth in its interest income on loans and service fees as total loan booked during the period was up by 30% YoY to ₱8.3 billion. Enhancing the growth in CSB's earnings contribution was the increase in AEV's ownership from 40.6% to 99.3%.

Food

For the period under review, income contribution from Pilmico Foods Corporation ("PFC" or "Pilmico") and its subsidiaries amounted to ₱937 million, down 24% YoY. In the flour division, increase in wheat cost outpaced the growth in sales, resulting to a 45% YoY decline in its income contribution. The swine business' earnings contribution also fell by 44% YoY due to lower margins coming from the decrease in average selling prices ("ASP") and higher input costs. Partially offsetting these decreases was feeds division's 9% improvement in income contribution, as higher ASP countered the rise in raw material costs.

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

For the first nine months of 2011, AEV's consolidated net income attributable to equity holders registered a 5% decline, from last year's ₱16.84 billion to ₱16.04 billion.

Operating profit for the current period amounted to ₱17.57 billion, an 18% drop from the ₱21.43 billion generated in 9M2010. This was brought about by the ₱10.75 billion decrease in consolidated revenues, which surpassed the corresponding ₱6.88 billion decrease in costs and expenses. Both power and food groups recorded lower operating margins during the period under review.

Power subsidiaries reported a combined 22% YoY decline in operating margins resulting from the 10% decrease in consolidated revenues, while costs and expenses remained flat. Revenues were lower at ₱41.4 billion (vs ₱45.9 billion in 9M2010) as Therma Luzon, Inc.'s ("TLI"), Aboitiz Power Renewable Inc.'s ("APRI") and Therma Marine, Inc.'s ("TMI") sales fell by ₱3.12 billion, ₱1.45 billion and ₱943 million, respectively. For TLI, the decrease in revenues was mainly due to the substantial drop in average selling prices. For APRI, it was attributed to lower volume sold and decline in average selling prices. For TMI, it was due to lower dispatch during the current period as the unusual amount of rainfall led to the higher availability and dispatch of the hydro power plants in Mindanao. This decrease was partially offset by the ₱834 million increase in sales of the distribution subsidiaries.

Food group reported a 22% YoY decrease in operating margins as the ₱1.93 billion increase in costs and expenses more than offset the ₱1.54 billion rise in revenues. The 16% improvement in sales (₱10.99 billion in 9M2011 vs ₱9.45 billion in 9M2010) was largely attributed to growth in sales volume for swine and feeds, and the higher selling prices for both flour and feeds. The 25% spike in costs (₱9.59 billion in 9M2011 vs ₱7.66 billion in 9M2010) was mainly due to the increasing costs of raw materials of these three businesses.

The decline in consolidated operating profit was partially tempered by: 1.) the ₱527 million fresh gross margin contribution of the newly-consolidated CSB; 2.) the ₱3.62 billion increase in equity earnings; and 3.) the ₱127 million decrease in net interest expense.

Share in net earnings of associates registered an 81% YoY improvement (₱8.07 billion in 9M2011 vs ₱4.46 billion in 9M2010) due to the strong performance of the majority of the power associates and of UBP. Bulk of the increase was coming from the combined income contributions of SNAP-Magat and SNAP-Benguet due to the upsurge of their ancillary service revenues. Growth in ancillary service sales was a result of the higher level of acceptance by the National Grid Corporation of the Philippines of these hydro plants' nominated capacities. With the elevated water levels during the current period, both SNAP plants' capability to provide ancillary services was significantly enhanced. The fresh income contribution of CEDC, which had its full commercial operations on its 246 MW Coal plant during the period under review, the higher earnings of STEAG due to the increase in its coal margins and recording of a one-off gain on cost reimbursements from NPC on fuel importations (vis-à-vis last year's refinancing costs), and the increase in UBP bottomline attributable to substantial trading gains realized during the current period, further boosted this growth in equity earnings of associates.

Net interest expense dipped by 2% (₱5.12 billion in 9M2011 vs ₱5.25 billion in 9M2010) as the growth in interest income outpaced the increase in interest expense. The spike in interest income was due to higher cash balances held by the group during the period in review. The rise in interest expense was due to: 1.) the ₱246 million increase in accreted interest on TLI's finance lease obligation; and 2) the ₱147 million higher interest expense booked by HSI when it started full commercial operations, vis-à-vis capitalization of a portion of same costs in 9M2010 when one of its plants was still being constructed.

Other income decreased by 53% substantially due to lower foreign exchange (FX) gains (₱65 million in 9M2011 vs ₱1.26 billion in 9M2010). This was the result of the restatement of the dollar-denominated debt of the power group under an appreciating peso scenario as of September 30, 2011 when FX rate for the US$ stood at ₱43.72 to a dollar, a ₱0.12 difference from the P43.84 rate as of the beginning of the year, much lower than the ₱2.32 peso appreciation as of September 30, 2010 when FX rate was at ₱43.88, coming from a ₱46.20 rate as of the start of that year. This decrease was partially offset by the ₱366 million increase in power group's miscellaneous income and AEV's ₱40 million reversal of impairment provision on an investment sold in 2011.

The 23% increase in provision for income tax (₱1.12 billion in 9M2011 vs ₱911 million in 9M2010) was mainly due to the newly-consolidated tax provision of CSB and DLP's rise in taxable income which translated to higher tax provision. This increase was partially reduced by the decrease in deferred income tax provision of TLI resulting from lower unrealized FX gains reported during the current period as compared to those of last year.

The 7% dip in net income attributable to minority interests was mainly due to the decline in power group's net income, 24% of which, belongs to minority shareholders.

AEV's consolidated comprehensive income attributable to equity holders decreased by 14%, from ₱17.40 billion in 9M2010 to ₱15.04 billion in 9M2011. This was mainly due to the decline in the Jan.-Sept. 2011 consolidated net income and the decrease in AEV's share of an associate's mark-to-market differential (₱967 million loss in 9M2011 vs ₱629 million gain in 9M2010) on its available-for-sale investments.

Changes in Registrant's Resources, Liabilities and Shareholders Equity

Assets

Compared to year-end 2010 levels, consolidated assets increased 11% to P193.71 billion as of September 30, 2011, due to the following:

a. Cash & Cash Equivalents increased by ₱3.42 billion mainly due to the unused proceeds from the fixed-rate notes issued by AP parent company in March, 2011.

b. Trade and Other Receivables increased by 16% (₱18.24 billion in Sept. 2011 vs ₱15.7 billion in Dec. 2010) mainly due to TMI's higher collectibles from customers, and CSB's and food group's rise in revenues which resulted in higher trade receivables.

c. Inventories increased by 9% (₱4.46 billion in Sept. 2011 vs ₱4.08 billion in Dec. 2010) mainly due to the increase in wheat inventory of food group and in coal inventory of TLI.

d. Other Current Assets increased by 51% (₱2.83 billion in Sept. 2011 vs ₱1.88 billion in Dec. 2010) mainly due to the build-up of VAT inputs by power generation subsidiaries.

e. Adding back the depreciation expense booked during the current period, the increase in Property Plant and Equipment was mainly due to the purchase of 4 barge-mounted floating power plants, APRI's plant rehabilitation, and the capital expenditures of the power distribution group and the food group.

f. Intangible Asset – Service Concession Right increased by 387% (₱4.56 billion in Sept. 2011 vs ₱937 million in Dec. 2010) due to first-time consolidation of Luzon Hydro Corporation's ("LHC") plant which is booked as an intangible asset under IFRIC 12.

g. Investments in and Advances to Associates increased by 5% (₱46.96 billion in Sept. 2011 vs ₱44.85 billion in Dec. 2010) mainly due to the purchase of ₱910 million worth of UBP shares, the ₱683 million additional capital infusion into Manila Oslo Renewable Enterprise, Inc. ("MORE"), and recording of ₱8.07 billion share in earnings of associates during the period under review. This increase was partially reduced by the ₱4.5 billion cash dividends received from associates, the ₱967 million share in UBP's unrealized fair valuation loss on AFS investments, and the ₱1.71 billion downward adjustment due to the consolidation of LHC in 2011 (as compared to being equitized in 2010).

h. Deferred Income Tax Assets increased by 36% (₱342 million in Sept. 2011 vs ₱251 million in Dec. 2010) mainly due to the first-time consolidation of LHC's accounts.

i. Other Noncurrent Assets increased by 170% (₱3.86 billion in Sept. 2011 vs ₱1.43 billion in Dec. 2010) mainly due to the ₱2.4 billion downpayment made on purchase of turbines and other related costs by a power subsidiary.

Liabilities

Consolidated short-term bank loans decreased by 41% (₱3.34 billion in Sept. 2011 vs ₱5.67 billion in Dec. 2010) while long-term liabilities increased by 15% (₱84.84 billion in Sept. 2011 vs ₱74.06 billion in Dec. 2010). The decline in short-term loans was mainly due to the prepayments made by power group using internally-generated funds and by food group using proceeds from additional long-term loans availed. The upward movement in long term debt was mainly due to the following: 1.) issuance by AP Parent of additional ₱5.0 billion peso-denominated corporate fixed rate notes in March, 2011; 2.) ₱3.19 billion increase in the finance lease obligation of TLI resulting from interest accretion; 3.) first-time consolidation of LHC's ₱510 million long term debt; 4.) ₱400 million additional long-term loan availed by Subic Enerzone Corporation ("SEZ"); 5.) ₱1.67 billion increase in CSB's liabilities coming from deposits and long-term loan availment; and 6.) ₱1.66 billion increase in food group's account to replace short-term loans with long-term debt. Said increase was partially offset by the ₱1.57 billion amortization payments on existing loans.

Trade and other payables dipped by ₱400 million, from ₱10.56 billion to ₱10.16 billion, mainly due to the settlement of AEV's non-trade payables.

Income tax payable increased by 46%, from ₱300 million to ₱436 million, mainly due to the higher tax provision set up by the power group.

Deferred income tax liabilities increased by ₱125 million mainly due to TLI's recognition of the corresponding income tax provision on the unrealized foreign exchange gains booked during the current period.

Equity

Equity attributable to equity holders of the parent increased by ₱6.64 billion from year-end 2010 level of ₱64.31 billion to ₱70.95 billion, mainly due to: (1) the ₱7.32 billion increase in Retained Earnings, resulting from ₱16.04 billion net income recorded during the current period and offset by the ₱8.72 billion cash dividends paid to common stockholders; (2) the ₱967 million share in UBP's unrealized fair valuation loss on AFS investments; and (3) the ₱324 million increase in Acquisition of Minority Interest account resulting from the full take-over of LHC.

Material Changes in Liquidity and Cash Reserves of Registrant

For the first nine months of 2011, the group continued to support its liquidity mainly from cash generated from operations, additional loans availed, and dividends received from associates.

Compared to the cash inflow of the same period in 2010, consolidated cash generated from operating activities in 9M2011 decreased by ₱3.80 billion to ₱16.80 billion. This decline was largely a result of lower net income generated during the current period.

The current period ended up with a ₱3.92 billion net cash used in investing activities, much lesser than the ₱7.72 billion spent during the comparable period last year. The positive variance was mainly due to higher cash dividends received from associates and lower fund utilization for business acquisitions and capital expenditures.

Net cash used in financing activities during the current period was higher at ₱9.50 billion, compared to the ₱6.58 billion in 9M2010. This increase in fund usage was substantially due to higher cash dividends paid in 2011, partially reduced by higher net debt availed (vis-à-vis last year's net debt repayment).

For the current period, net cash inflows surpassed cash outflows, resulting to a 13% increase in cash and cash equivalents, from ₱26.10 billion in Dec. 2010 to ₱29.51 billion in Sept. 2011.

Financial Ratios

The improvement in current ratio, from 2.36:1 as of Dec. 2010 to 3.05:1 as of Sept. 2011, was due to the increase in current assets, complemented by the decline in current liabilities. The growth in current assets was mainly attributed to the increase in cash and receivables generated from operations during the period in review. Current liabilities dipped due to prepayment of bank loans using both internally-generated and borrowed funds. Likewise, debt-to-equity ratio improved, from 1.23:1 as of Dec. 2010 to 1.20:1 as of Sept. 2011, and net debt-to-equity ratio stood at 0.66x (versus year-end 2010's 0.70x), as rise in equity surpassed the increase in consolidated liabilities.

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

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

Power (Generation Business)

1. Continued growth in the Company's attributable capacity

76%-owned subsidiary AboitizPower ended the first nine months of 2011 with a 15% YoY expansion in its total attributable generating capacity, from 2,030 MW to 2,344 MW. The capacity growth was mainly due to the following:

- Completion of the third unit (82 MW) of the 246 MW Cebu Coal-fired Power Plant

  The 3x82 MW coal-fired power plant in Toledo City, Cebu, which is a joint venture by AboitizPower with Metrobank Group's Global Business Power Corporation and Cebu-based Vivant Energy Corporation of the Garcia Group, was completed in 2010. Two units with a capacity of 82 MW each started generating and feeding power into the Visayas Grid in February and May 2010. Construction of the last unit was completed in the fourth quarter of 2010. AboitizPower has an effective participation of 26% in the project.

- Assumption of full ownership and control of LHC

  In May 2010, AboitizPower's 100% owned Aboitiz Renewables, Inc. (ARI) assumed full ownership and control of LHC after meeting all conditions set out in a Memorandum of

Agreement with Pacific Hydro Bakun, Inc. (PHBI). PHBI, a wholly owned subsidiary of Pacific Pty Ltd of Australia is the joint venture partner of ARI in LHC, which owns and operates the 70 MW Bakun run-of-river hydropower plant in Ilocos Sur. As a result of having full control and ownership in LHC, an additional 35 MW of attributable capacity was added to AboitizPower's portfolio of generation assets.

- Acquisition of the 242 MW Navotas power barges

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

- Completion of the rehabilitation project of the Ambuklao hydropower facility

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

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

- Completion of the rehabilitation of the Binga hydropower plant

  AboitizPower, together with its partner SN Power Invest AS (SN Power), has commenced the programmed rehabilitation of the 100 MW Binga hydropower plant this year. The program involves rehabilitation works on one unit per year. Completion of the rehabilitation of all four units is expected by 2014, which should enhance generating capacity by 20%, to 120 MW.

- Completion of the rehabilitation of the Tiwi-Makban geothermal power facilities

  AboitizPower's wholly owned subsidiary, APRI, is currently undertaking the rehabilitation of several units of the Tiwi-Makban geothermal power plant complex. Improvements in the steam field and fluid gathering systems, combined with the successful completion of reservoir enhancements, rehabilitation work and the re-commissioning of heat recovery plants, could increase the plants' combined generation capacity to approximately 480 MW in 2012. The Tiwi-Makban geothermal power plants reached a combined peak generation capacity of 467 MW.

- Greenfield and Brownfield developments

  <u>600 MW Coal-fired Power Plant in Subic.</u> This is a project by Redondo Peninsula Energy, Inc. (RP Energy), a joint venture company formed by AboitizPower's wholly owned subsidiary Therma Power, Inc. (TPI) and Taiwan Cogeneration International Corporation (TCIC). In June 2011, Meralco's wholly owned subsidiary, Meralco PowerGen Corporation (MPGC), announced its decision to acquire an ownership interest in the project. On July 22, 2011, MPGC, TPI and TCIC signed a shareholder agreement under which MPGC took a controlling interest in RP Energy, with TPI and TCIC owning the remaining stake equally. The project involves the construction and operation of a 2x300 MW circulating-fluidized-bed coal-fired power plant in

the Subic Bay Freeport Zone. The Environmental Compliance Certificate (ECC) for a 300-MW project and the plan for common facilities have been amended to provide for a single high-efficiency 300-MW unit with reheat instead of two 150-MW units without reheat. Environmental studies and data collection are ongoing for the application for and issuance of an ECC for the second 300 MW unit. Site preparation works are ongoing while quotations from suppliers are being evaluated. Finalization of the EPC contract is expected to take place within the first quarter of 2012. Commercial operation of the first unit is expected to commence in the first quarter of 2015, with the second unit to follow 4-6 months thereafter.

300 MW Coal-fired Power Plant in Davao. AboitizPower, through 100%-owned subsidiary Therma South, Inc. (TSI), is planning to put up a 2x150 MW coal-fired power plant in Davao, which is the biggest load center in the island of Mindanao. TSI acquired the project site in August 2011. The Department of Environment and Natural Resources issued the ECC for the project on September 9, 2011. The company is currently in the process of obtaining all necessary permits and government clearances in addition to the ECC. Construction is expected to commence within fourth quarter of 2011 and be completed 36 months thereafter.

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

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

13.6 MW Tudaya 1 and 2 Hydro Power Plant Project. AboitizPower's wholly owned subsidiary Hedcor Tudaya, Inc. (Hedcor Tudaya) will implement a greenfield project involving the construction of run-of-river power plants to be located in the upper and downstream sections of the existing Sibulan hydro power plants, tapping the same water resource, which are the Sibulan and Baroring rivers. The two plants will have a combined capacity of 13.6 MW. The project has been issued its ECC and endorsed by the local communities. Hedcor Tudaya is currently working on obtaining the water permits and awaiting finalization of its Renewable Energy ("RE") contract. Target groundbreaking is by fourth quarter of 2011. Construction is estimated to be completed in 20 months.

11.5 MW Hedcor Tamugan Hydro Power Plant Project. In 2010, AboitizPower's wholly owned subsidiary, Hedcor Tamugan, Inc. (Hedcor Tamugan), has reached an agreement with the Davao City Water District (DCWD) on the use of the Tamugan river. Originally planned as a 27.5 MW run-of-river facility, Hedcor Tamugan submitted a new proposal, which involves the construction of an 11.5 MW hydropower plant. Hedcor Tamugan is waiting for the City council to approve the project. Once approval and permits are secured, the two-year construction period will commence.

Other Greenfield and Brownfield developments. AboitizPower, together with its subsidiaries and associate company, is conducting feasibility studies for potential Greenfield and Brownfield projects.

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

- 100%-owned subsidiary Hedcor, Inc. (Hedcor) is conducting feasibility studies for potential hydropower projects located in both Luzon and Mindanao. Based on current findings, Hedcor sees the potential of building 5-50 MW plants in the identified areas. The feasibility studies are expected to be completed in two years. Once permits are secured, another two years will be needed for the actual construction of the hydro facilities.

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

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

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

Distribution Business

AboitizPower remains optimistic that it will realize modest growth on its existing distribution utilities. It continually seeks efficiency improvements in its operations to maintain healthy margins.

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

Cotabato Light & Power Company's ("Cotabato Light") 4-year regulatory period commenced on April 1, 2009 and ends on March 30, 2013. The company is currently in its third year of its regulatory period. Cotabato Light is the first distribution utility in the AboitizPower group to implement this incentive-based scheme.

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

San Fernando Electric Light and Power Co., Inc. ("SFELAPCO") and SEZ are part of the fourth batch (Group D) of private distribution utilities to enter PBR. In July 2011, the ERC released the final determination on the applications for annual revenue requirements and performance incentive schemes for the regulatory period October 2011 to September 2015. Both SFELAPCO and SEZ are in the process of finalizing their respective rate design applications for the first regulatory year, which are expected to be implemented by October 2011.

Market and Industry Developments

Open Access and Retail Competition

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

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

In June 2011, the ERC declared December 26, 2011 as the Open Access Date to mark the commencement of the full operations of the competitive retail electricity market in Luzon and Visayas. Under the Open Access and Retail Competition, an eligible contestable customer, which is defined as an end-user with a monthly average peak demand of at least 1 MW for the preceding 12 months, will have the option to source their electricity from eligible suppliers that have secured a Retail Electricity Supplier license from the ERC. Eligible suppliers shall include the following:

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

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

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

- Retail Electricity Suppliers (RES) duly licensed by the ERC

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

Financial Services

UnionBank's initiatives on strengthening its customer franchise will continue to be at the forefront as it prioritizes customer satisfaction through enhanced retail focus and stronger sales management approach. UnionBank will continue to invest in technology, partnerships and continue to rationalize, redeploy and expand its branch network in strategic areas to maximize growth channels with respect to both deposits and loan accounts. In 2011, the bank aims to add 6 new branches to its end-2010 network of 186 branches.

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

UnionBank will likewise continue to enhance operating efficiencies through cost containment efforts and improvements in its business processes.

CitySavings will continue to strengthen its market position in its present niche by improving its products and services further. Other government employees, aside from public school teachers, and private company employees will be tapped. CitySavings plans to expand its branch network by putting up new branches and extension offices in areas outside of its present coverage.

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

Food Manufacturing

In line with the logistics initiatives to mitigate higher freight cost, Pilmico has implemented dredging works in its harbor in Iligan to enable it to accommodate higher tonnage vessels. Pilmico will likewise invest in a pneumatic unloader to improve its unloading capacity. Both projects are expected to be completed by end of 2011.

In 2011, Pilmico is planning to construct silos to support the storage requirements of the second production line of its Iligan feedmill. Target completion date is by second quarter of 2012.

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

PART II--OTHER INFORMATION

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

SIGNATURES

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

Issuer	ABOITIZ EQUITY VENTURES, INC.
Principal Accounting Officer	Melinda R. Bathan
Signature and Title	Vice President – Controller
Date	NOV 1 1 2011
Corporate Secretary	M. Jasmine S. Oporto
Signature and Title	First Vice President – Chief Legal Officer/ Corporate Secretary/ Compliance Officer
Date	NOV 1 1 2011

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AT SEPTEMBER 30, 2011 AND DECEMBER 31, 2010
(Amounts in Thousands)

	UNAUDITED SEPT 2011	AUDITED DEC 2010
ASSETS		
Current Assets		
Cash and cash equivalents	**29,513,799**	26,097,203
Trade and other receivables - net	**18,240,285**	15,702,445
Current portion of derivative asset	**-**	7,670
Inventories - net	**4,459,497**	4,075,091
Other current assets	**2,834,339**	1,880,646
Total Current Assets	**55,047,920**	47,763,055
Noncurrent Assets		
Property, plant, and equipment - net	**80,653,147**	77,444,279
Intangible asset - service concession right	**4,559,606**	936,996
Investment properties - net	**400,108**	402,486
Investments and advances	**46,960,324**	44,849,975
Available-for-sale (AFS) investments	**74,221**	70,814
Goodwill	**1,639,518**	1,639,518
Pension asset	**165,795**	179,425
Deferred income tax assets	**342,422**	251,090
Other noncurrent assets - net	**3,863,486**	1,429,635
Total Noncurrent Assets	**138,658,627**	127,204,218
TOTAL ASSETS	**193,706,547**	174,967,273
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	**3,343,014**	5,667,340
Trade and other payables	**10,160,063**	10,560,377
Current portion of derivative liability	**8,385**	323
Dividends payable	**8,333**	8,681
Income tax payable	**436,583**	299,920
Current portion of long-term debt	**1,949,827**	1,552,022
Current portion of redeemable preferred shares	**1,000,000**	1,000,000
Current portion of obligations under finance lease	**1,104,656**	1,102,080
Current portion of obligations on Power Distribution System	**40,000**	40,000
Current portion of payable to preferred shareholder of a subsidiary	**8,451**	13,797
Total Current Liabilities	**18,059,312**	20,244,540
Noncurrent Liabilities		
Deposit liabilities of CSB	**4,350,595**	3,683,745
Long-term debt - net of current portion	**29,523,154**	22,347,765
Redeemable preferred shares	**500,000**	500,000
Obligations under finance lease - net of current portion	**50,396,443**	47,203,036
Obligations on Power Distribution System - net of current portion	**268,424**	242,559
Customers' deposits	**2,114,180**	2,011,285
Payable to preferred shareholder of a subsidiary	**45,975**	62,970
Pension liability	**65,918**	32,350
Deferred income tax liability	**447,013**	321,595
Total Noncurrent Liabilities	**87,711,702**	76,405,305
Total Liabilities	**105,771,014**	96,649,845
Equity Attributable to Equity Holders of the Parent		
Capital stock	**5,694,600**	5,694,600
Additional paid-in capital	**6,110,957**	6,110,957
Net unrealized gains on AFS investments	**5,558**	7,443
Share in cumulative translation adjustments of associates	**12,617**	44,606
Share in net unrealized gains (losses) on AFS investments and underwriting accounts of associates	**(651,860)**	314,840
Gain on dilution	**5,376,176**	5,376,176
Acquisition of non-controlling interest	**(203,524)**	(527,203)
Retained earnings	**55,903,613**	48,586,535
Treasury stock at cost	**(1,295,163)**	(1,295,163)
	70,952,974	64,312,791
Non-controlling Interests	**16,982,559**	14,004,637
Total Equity	**87,935,533**	78,317,428
TOTAL LIABILITIES AND EQUITY	**193,706,547**	174,967,273

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED SEPTEMBER 30, 2011 AND 2010
(Amounts in Thousands)
(UNAUDITED)

	JAN-SEPT/11	JAN-SEPT/10	JUL-SEPT/11	JUL-SEPT/10
REVENUES	**54,444,935**	65,193,538	**18,557,087**	18,013,930
COSTS AND EXPENSES	**36,876,190**	43,759,763	**12,472,291**	12,771,155
GROSS PROFIT	**17,568,745**	21,433,775	**6,084,796**	5,242,775
OTHER INCOME (CHARGES)				
Share in net earnings of associates	**8,072,806**	4,456,607	**3,266,255**	2,483,722
Interest income	**676,475**	153,052	**252,463**	66,713
Interest expense	**(5,705,635)**	(5,309,184)	**(1,943,274)**	(1,813,310)
Dividends on redeemable preferred	**(94,731)**	(94,624)	**(31,702)**	(31,666)
Other income	**708,817**	1,498,931	**31,361**	1,358,716
	3,657,732	704,782	**1,575,103**	2,064,175
INCOME BEFORE INCOME TAX	**21,226,477**	22,138,557	**7,659,900**	7,306,950
PROVISION FOR INCOME TAX	**1,119,379**	911,321	**380,017**	408,147
NET INCOME	**20,107,098**	21,227,236	**7,279,883**	6,898,803
ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE PARENT	**16,041,635**	16,838,823	**5,824,722**	5,557,701
NON-CONTROLLING INTERESTS	**4,065,463**	4,388,413	**1,455,161**	1,341,102
	20,107,098	21,227,236	**7,279,883**	6,898,803
Earnings Per Common Share **				
Basic, for income for the period attributable to ordinary holders of the parent	**2.905**	3.049	**1.055**	1.006

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

	JAN-SEPT/11	JAN-SEPT/10	JUL-SEPT/11	JUL-SEPT/10
Profit for the period attributable to:				
Equity holders of the parent	**16,041,635**	16,838,823	**5,824,722**	5,557,701
Non-controlling interests	**4,065,463**	4,388,413	**1,455,161**	1,341,102
Profit for the period	**20,107,098**	21,227,236	**7,279,883**	6,898,803
Other comprehensive income:				
Net unrealized valuation gains on AFS investments	**15,214**	1,852	**(649)**	180
Exchange differences in translating foreign-denominated transactions	**(105,225)**	1,835	**16,910**	4,108
Share in movement in net unrealized valuation gains (losses) on AFS investments of an associate	**(967,185)**	628,636	**(993,587)**	376,783
Share in movement in cumulative translation adjustments of associates	**(135)**	(94,843)	**6,786**	(99,575)
Other comprehensive income (loss) for the period, net of tax (Schedules A & B)	**(1,057,331)**	537,480	**(970,540)**	281,496
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**19,049,768**	21,764,716	**6,309,343**	7,180,299
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	**15,041,061**	17,399,852	**4,848,387**	5,862,809
Non-controlling interests	**4,008,707**	4,364,864	**1,460,956**	1,317,490
	19,049,768	21,764,716	**6,309,343**	7,180,299

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2011 AND 2010
(Amounts in Thousands)
(UNAUDITED)

	JAN-SEPT/11	JAN-SEPT/10	JUL-SEPT/11	JUL-SEPT/10
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income tax	**21,226,477**	22,138,558	**7,659,900**	7,306,950
Adjustments for:				
Share in net earnings of associates	**(8,072,807)**	(4,456,607)	**(3,266,255)**	(2,483,722)
Depreciation and amortization	**2,801,214**	3,307,208	**994,751**	1,143,603
Interest income	**(676,475)**	(153,052)	**(252,463)**	(66,713)
Interest expense and dividends on redeemable preferred shares	**5,800,366**	5,403,808	**1,974,976**	1,844,975
Dividend income	**(1,286)**	(1,332)	**(1,286)**	(255)
Reversal of provision for investment in shares of stock	**(40,247)**			
Provision for impairment loss on receivables	**35,223**	14,009	**15,197**	4,382
Unrealized fair valuation losses (gains) on derivatives	**7,922**	(13,348)	**670**	(3,130)
Provision for decline in value of various assets	**-**	19,468		9,589
Provision for retirement benefits	**5,336**	2,302	**1,778**	767
Write-off of project costs and others	**641**		**590**	
Unrealized foreign exchange loss (gain)	**(83,270)**	(1,479,018)	**199,500**	(1,308,496)
Loss on sale of available for sale investments	**1,259**		**1,259**	
Loss (gain) on sale of property, plant & equipment	**(2,192)**	46,010	**(211)**	51,835
Operating income before working capital changes	**21,002,161**	24,828,006	**7,328,406**	6,499,785
Changes in:				
Decrease (increase) in operating current assets	**(3,626,162)**	(4,781,941)	**(481,304)**	1,663,311
Increase (decrease) in operating current liabilities	**177,089**	1,639,288	**(1,858,011)**	(864,205)
Cash provided by operations	**17,553,088**	21,685,353	**4,989,091**	7,298,891
Income and final taxes paid	**(750,630)**	(1,077,988)	**(147,701)**	(428,712)
Net cash provided by operating activities	**16,802,458**	20,607,365	**4,841,390**	6,870,179
CASH FLOWS FROM INVESTING ACTIVITIES:				
Dividends received	**4,503,815**	1,118,513	**748,548**	40,121
Interest received	**629,632**	166,924	**226,177**	66,447
Additions to investments	**(1,593,128)**	(1,717,466)	**(1,296,671)**	(953,584)
Collection of (payments for) advances to associates	**378,493**	(143,507)	**589,146**	(110,509)
Acquisitions of property, plant and equipment - net	**(5,781,805)**	(6,955,389)	**(1,750,738)**	(2,095,679)
Disposals (acquisitions) of available for sale investments	**33,695**	(1,779)	**(2,083)**	(1,754)
Acquisition of a subsidiary, net of cash acquired	**(563,567)**			
Proceeds from sale of investments in shares of stock	**-**	3,094		3,094
Increase in intangible assets	**(196,979)**	(79,574)	**(119,868)**	(30,959)
Increase in other assets	**(1,330,513)**	(106,291)	**(1,652,819)**	(90,111)
Net cash used in investing activities	**(3,920,357)**	(7,715,475)	**(3,258,308)**	(3,172,934)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Net proceeds from (settlements of) bank loans	**(2,324,327)**	(5,296,929)	**(244,668)**	1,074,582
Proceeds from long-term debt	**6,932,232**	4,644,941	**218,494**	(130,036)
Payments of finance lease obligation	**(814,536)**	(858,919)	**(273,521)**	(265,035)
Proceeds from (payments of) payable to preferred shareholders of a subsidiary	**(35,296)**	(16,215)	**(4,226)**	4,951
Interest and dividends on redeemable preferred shares paid	**(1,700,030)**	(1,604,212)	**(645,684)**	(538,460)
Increase (decrease) in derivative liabilities/ Decrease (increase) in derivative assets	**7,810**	2,349	**76**	3,485
Cash dividends paid	**(8,724,557)**	(2,871,373)		
Cash dividends and other accounts paid to non-controlling interest	**(2,840,886)**	(590,706)	**(28,066)**	(20,002)
Increase in acquisition of non-controlling interest		14,390		14,390
Net cash used in financing activities	**(9,499,590)**	(6,576,674)	**(977,595)**	143,875
NET INCREASE IN CASH AND CASH EQUIVALENTS	**3,382,511**	6,315,216	**605,487**	3,841,120
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	**34,085**	220,957	**40,388**	(49,436)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**26,097,203**	5,582,228	**28,867,924**	8,326,717
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	**29,513,799**	12,118,401	**29,513,799**	12,118,401

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2011 AND DECEMBER 31, 2010

	Attributable to owners of the parent													
	Share Capital													
	Common	Preferred	Additional Paid-in Capital	Net Unrealized Valuation Gains (Losses) on AFS Investments	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates	Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate	Gain on Dilution	Acquisition of Non-controlling Interest	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total
Balances at December 31, 2010	**5,694,600**	**-**	**6,110,957**	**7,443**	**0**	**44,606**	**314,840**	**5,376,176**	**(527,203)**	**48,586,535**	**(1,295,163)**	**64,312,791**	**14,004,637**	**78,317,428**
Changes in equity for Jan-Sept 2011:														
Acquisition of non-controlling interest									323,679			323,679	99,974	423,653
Cash dividends										(8,724,557)		(8,724,557)		(8,724,557)
Changes in non-controlling interest												-	1,190,168	1,190,168
Cash dividends paid to non-controlling interest												-	(2,320,926)	(2,320,926)
Total comprehensive income for the year	-	-		(1,886)		(31,989)	(966,700)			16,041,635		15,041,061	4,008,707	19,049,767
Balances at September 30, 2011	**5,694,600**	**-**	**6,110,957**	**5,557**	**0**	**12,617**	**(651,860)**	**5,376,176**	**(203,524)**	**55,903,613**	**(1,295,163)**	**70,952,974**	**16,982,559**	**87,935,533**

	Attributable to owners of the parent													
	Share Capital													
	Common	Preferred	Additional Paid-in Capital	Net Unrealized Valuation Gains (Losses) on AFS Investments	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates	Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate	Gain on Dilution	Acquisition of Non-controlling Interest	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total
Balances at December 31, 2009	**5,694,600**	**-**	**5,791,324**	**15,647**	**(1,301)**	**88,118**	**(64,734)**	**5,376,176**	**(500,177)**	**29,592,606**	**(1,295,163)**	**44,697,096**	**9,945,115**	**54,642,211**
Changes in equity for Jan-Dec 2010:														
Acquisition of non-controlling interest									288,158			288,158	(288,158)	-
Changes in non-controlling interest												-	60,384	60,384
Cash dividends										(2,871,373)		(2,871,373)		(2,871,373)
Cash dividends paid to non-controlling interest												-	(746,037)	(746,037)
Step acquisition of an associate to a subsidiary												-	8,142	8,142
Disposal of a subsidiary			319,633	(14,653)	61				(315,184)			(10,143)	(917,835)	(927,978)
Total comprehensive income for the year	-	-	-	6,449	1,240	(43,512)	379,574	0	-	21,865,302	-	22,209,053	5,943,026	28,152,079
Balances at December 31, 2010	**5,694,600**	**-**	**6,110,957**	**7,443**	**0**	**44,606**	**314,840**	**5,376,176**	**(527,203)**	**48,586,535**	**(1,295,163)**	**64,312,791**	**14,004,637**	**78,317,428**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2010

	Attributable to owners of the parent														
	Share Capital Common	Share Capital Preferred	Additional Paid-in Capital	Net Unrealized Valuation Gains (Losses) on AFS Investments	Cumulative Translation Adjustments	Share in Cumulative Translation Adjustments of Associates	Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate	Gain on Dilution	Acquisition of Minority Interest	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total
Balances at December 31, 2009	**5,694,600**	**-**	**5,791,324**	**15,647**	**(1,301)**	**88,118**	**(64,734)**	**5,376,176**	**(500,177)**	**29,592,606**	**(1,295,163)**	**44,697,096**	**9,945,115**	**54,642,211**
Changes in equity for Jan-Sept 2010:														
Sale of treasury shares												-		-
Acquisition of non-controlling interest									(14,390)			(14,390)	(4,239)	(18,629)
Cash dividends												-		-
Cash dividends paid to non-controlling interest										(2,871,373)		(2,871,373)		(2,871,373)
Changes in non-controlling interest												-	(602,815)	(602,815)
Total comprehensive income for the year	-	-	-	8,192	1,224	(77,023)	628,636			16,838,823		17,399,852	4,364,865	21,764,716
Balances at September 30, 2010	**5,694,600**	**-**	**5,791,324**	**23,839**	**(77)**	**11,095**	**563,902**	**5,376,176**	**(514,567)**	**43,560,056**	**(1,295,163)**	**59,211,185**	**13,702,925**	**72,914,110**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
FINANCIAL STATEMENT SCHEDULES AND DISCLOSURES
AT SEPTEMBER 30, 2011 AND DECEMBER 31, 2010
(peso amounts in thousands)

A. COMPONENTS OF OTHER COMPREHENSIVE INCOME

		JAN-SEPT/11		JAN-SEPT/10
Available-for-sale financial assets:				
Net unrealized valuation gains arising during the period	**15,214**		1,852	
Less: Reclassification adjustments for losses included in profit or loss	-	**15,214**	**-**	1,852
Exchange differences in translating foreign-denominated transactions		**(105,225)**		1,835
Share in movement in net unrealized valuation gains on AFS investments of an associate		**(967,185)**		628,636
Share in movement in cumulative translation adjustments of associates		**(135)**		(94,843)
Other comprehensive income		**(1,057,331)**		537,480
Income tax relating to components of other comprehensive income		**-**		-
Other comprehensive income for the period		**(1,057,331)**		537,480

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

	JAN-SEPT/11			JAN-SEPT/10		
	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Available-for-sale financial assets	**15,214**	**-**	**15,214**	1,852	-	1,852
Exchange differences in translating foreign-denominated transactions	**(105,225)**	**-**	**(105,225)**	1,835	-	1,835
Share in movement in net unrealized valuation gains on AFS investments of an associate	**(967,185)**	**-**	**(967,185)**	628,636	-	628,636
Share in movement in cumulative translation adjustments of associates	**(135)**	**-**	**(135)**	(94,843)	-	(94,843)
Other comprehensive income for the period	**(1,057,331)**	**-**	**(1,057,331)**	537,480	-	537,480

C. INVESTMENTS AND ADVANCES

	% OWNERSHIP 2011	SEPT 2011	DEC 2010
Investments in shares of stock			
At equity			
Acquisition cost:			
Union Bank of the Philippines	43.27%	**6,064,163**	5,154,421
Accuria, Inc.	49.54%	**719,739**	719,739
Western Mindanao Power Corporation	20.00%	**263,665**	263,665
Cebu International Container Terminal, Inc.	20.00%	**240,125**	240,125
Hijos de Escaño, Inc.	46.73%	**858,070**	858,070
San Fernando Electric Light & Power Co., Inc.	20.29%	**180,864**	180,864
Pampanga Energy Ventures, Inc.	42.84%	**209,465**	209,465
Southern Philippines Power Corporation	20.00%	**152,587**	152,587
Visayan Electric Co., Inc.	55.21%	**658,153**	657,505
Manila Oslo Renewable Enterprise, Inc.	83.33%	**9,371,663**	8,688,926
East Asia Utilities Corporation	50.00%	**217,551**	217,551
STEAG State Power Inc.	34.00%	**4,400,611**	4,400,611
Redondo Peninsula Energy Corporation	25.00%	**5,000**	5,000
Cebu Energy Development Corp.	44.00%	**2,438,621**	2,438,621
South Western Cement Corporation	20.00%	**28,995**	28,995
Luzon Hydro Corporation	100.00%	**-**	1,048,251
Cordillera Hydro Corporation	35.00%	**88**	88
CSB Land, Inc.	40.00%	**2,000**	2,000
CSB Holdings, Inc.	40.00%	**1,000**	1,000
Hapag-Lloyd Philippines, Inc.	15.00%	**1,800**	1,800
Jebsens People Solutions AS	50.00%	**3,600**	3,600
JAIB, Inc.	49.00%	**1,884**	1,884
Balance at end of period		**25,819,645**	25,274,768
Accumulated share in net earnings:			
Balance, beginning of year		**16,339,566**	12,238,895
Share in net earnings for the period		**8,072,807**	6,883,363
Disposals during the period		**(0)**	(450,222)
Step-acquisition to subsidiary		**(196,403)**	(199,564)
Accumulated equity of associates owned by disposed subsidiaries		**-**	5,947
Cash dividends received		**(4,502,528)**	(2,138,853)
Balance, end of period		**19,713,442**	16,339,566
Gain on dilution		**1,014,136**	1,014,136
Share in net unrealized gains (losses) on available-for-sale investments of an associate		**(644,900)**	322,285
Share in cumulative translation adjustments of associates		**121,277**	57,922
		46,023,600	43,008,678
Allowance for impairment losses		**(28,995)**	(28,995)
Investments, at equity		**45,994,605**	42,979,683
Advances to investees		**965,719**	1,870,292
		46,960,324	44,849,975

D. ACCOUNTS PAYABLE & ACCRUED EXPENSES

Trade	2,744,146
Others	7,415,917
TOTAL	**10,160,063**

E. SHORT-TERM LOANS

	Effective Interest Rate	**SEPT 2011**	DEC 2010
Financial institutions - unsecured:			
Peso loans	4.10%	**3,126,600**	5,459,100
US dollar loans	4% - 4.13%	**216,414**	208,240
		3,343,014	5,667,340

F. LONG-TERM LOANS

	Effective Interest Rate	**SEPT 2011**	DEC 2010
Company:			
Financial institutions - unsecured			
Peso denominated loans	5.23% - 8.25%	**3,994,900**	4,600,000
		3,994,900	4,600,000
Subsidiaries:			
AP and subsidiaries:			
AP Parent			
Financial and non-institutions - unsecured			
Fixed rate notes	8.78%	**3,330,000**	3,330,000
Fixed rate notes	9.33%	**548,800**	548,800
Fixed rate notes	8.23%	**5,000,000**	5,000,000
Fixed rate notes	7.81%	**5,000,000**	-
Retail Bonds			
5 year bonds	8.70%	**2,294,420**	2,294,420
3 year bonds	8.00%	**705,580**	705,580
CPPC			
Financial institution	3.22%-6.40%	**480,000**	636,433
HEDCOR, INC.			
Financial institution - secured	8.36%	**484,500**	549,100
HEDCOR SIBULAN, INC.			
Financial institutions - secured	8.52%	**3,306,651**	3,570,000
SEZC			
Financial institution - secured	3.68%	**565,000**	118,626
LHC			
Financial institution - secured	5.00%	**645,924**	0
BEZC			
Financial institution - secured	7.50%	**70,000**	70,000
		22,430,875	16,822,959
Less deferred financing costs		**147,910**	119,846
		22,282,965	16,703,113
PILMICO and subsidiary:			
PILMICO			
Financial institutions - secured	4.96% - 7.10%	**1,415,000**	310,000
PANC			
Financial institution - secured	6.47%	**600,000**	162,500
		2,015,000	472,500
CITY SAVINGS BANK			
Financial institutions	5.63% - 10.10%	**2,303,163**	1,428,422
Non-financial institutions	3.00% - 8.5%	**876,953**	695,752
		3,180,116	2,124,174
Total		**31,472,981**	23,899,787
Less: Current portion		**1,949,827**	1,552,022
		29,523,154	22,347,765

G. DEBT SECURITIES

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

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

H. EARNINGS PER SHARE

Earnings per common share amounts were computed as follows:

	SEPT 2011	SEPT 2010
a. Net income attributable to equity holders of the parent	**16,041,635**	16,838,823
b. Average number of outstanding shares	**5,521,871,821**	5,521,871,821
c. Earnings per share (a/b)	**2.905**	3.049

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-Sept 2011	Jan-Sept 2010	**Jan-Sept 2011**	Jan-Sept 2010	**Jan-Sept 2011**	Jan-Sept 2010	**Jan-Sept 2011**	Jan-Sept 2010	**Jan-Sept 2011**	Jan-Sept 2010	**Jan-Sept 2011**	Jan-Sept 2010	**Jan-Sept 2011**	Jan-Sept 2010
REVENUES	**41,396,722**	45,897,201	**1,346,365**	-	**10,991,854**	9,452,409	**378,062**	9,560,934	**521,611**	423,228	**(189,678)**	(140,233)	**54,444,936**	65,193,539
RESULT														
Segment results	**15,646,673**	20,203,107	**502,063**	-	**1,226,510**	1,663,802	**52,153**	(539,283)	**106,091**	92,431	**35,256**	13,719	**17,568,745**	21,433,775
Unallocated corporate income (expenses)	**531,591**	1,381,861	**9,996**	-	**13,220**	8,525	**6,140**	16,311	**183,125**	105,954	**(35,256)**	(13,719)	**708,816**	1,498,932
INCOME FROM OPERATIONS													**18,277,562**	22,932,707
Interest Expense & Dividends on Redeemable Preferred	**(5,378,437)**	(4,906,292)	**-**	-	**(92,574)**	(46,533)	**(5,779)**	(163,549)	**(323,576)**	(287,434)	**-**	-	**(5,800,366)**	(5,403,808)
Interest Income	**482,218**	99,096	**-**	-	**4,094**	2,864	**4,857**	12,969	**185,306**	38,123	**-**	-	**676,475**	153,052
Share in net earnings of associates	**5,846,282**	2,539,385	**2,228,380**	1,878,945	**144,984**	-	**2,794**	42,130	**13,737,114**	15,036,802	**(13,886,748)**	(15,040,656)	**8,072,806**	4,456,607
Provision for Income tax	**(677,719)**	(703,007)	**(149,600)**	-	**(214,063)**	(387,555)	**(22,130)**	198,252	**(55,866)**	(19,011)	**-**	-	**(1,119,379)**	(911,321)
NET INCOME													**20,107,098**	21,227,236
OTHER INFORMATION	**Sept 2011**	Dec 2010	**Sept 2011**	Dec 2010	**Sept 2011**	Dec 2010	**Sept 2011**	Dec 2010	**Sept 2011**	Dec 2010	**Sept 2011**	Dec 2010	**Sept 2011**	Dec 2010
Segment assets	**34,354,167**	27,920,247	**10,702,194**	8,807,494	**4,780,580**	3,902,809	**687,723**	640,866	**4,546,270**	7,079,304	**(23,014)**	(587,666)	**55,047,920**	47,763,054
Investments and advances	**29,495,515**	28,896,439	**17,336,242**	15,821,266	**1,060,970**	915,986	**6,871**	6,327	**54,822,311**	48,217,247	**(55,761,585)**	(49,007,290)	**46,960,323**	44,849,975
Unallocated corporate assets	**86,649,422**	77,847,256	**285,368**	227,794	**2,671,374**	2,405,626	**89,241**	93,414	**1,359,386**	1,136,641	**643,513**	643,513	**91,698,304**	82,354,243
Consolidated total assets													**193,706,547**	174,967,272
Segment liabilities	**83,624,061**	76,305,892	**9,272,291**	7,664,689	**4,961,501**	4,763,077	**615,766**	626,580	**6,345,208**	7,192,944	**2,673**	(557,202)	**104,821,500**	95,995,980
Unallocated corporate liabilities	**798,007**	516,770	**51,184**	68,971	**57,560**	49,651	**34,449**	17,999	**8,314**	474	**-**	-	**949,514**	653,865
Consolidated total liabilities													**105,771,014**	96,649,845
	Jan-Sept 2011	Jan-Sept 2010	**Jan-Sept 2011**	Jan-Sept 2010	**Jan-Sept 2011**	Jan-Sept 2010	**Jan-Sept 2011**	Jan-Sept 2010	**Jan-Sept 2011**	Jan-Sept 2010	**Jan-Sept 2011**	Jan-Sept 2010	**Jan-Sept 2011**	Jan-Sept 2010
Depreciation	**2,514,519**	2,180,284	**33,187**	-	**170,081**	141,726	**16,755**	927,057	**66,673**	58,141	**-**	-	**2,801,215**	3,307,209

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, 2011, 3.6% of the Group's long-term debt had floating interest rates ranging from 3.22% to 6.40%, and 96.4% are with fixed rates ranging from 3.68% to 10.10%. As of December 31, 2010, 5.2% of the Group's long-term debt had floating interest rates ranging from 2.46% to 6.71%, and 94.8% are with fixed rates ranging from 5.23% to 10.10%.

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

As of September 30, 2011

	< 1 year	**1 - 5 years**	**> 5 years**	**Total**
Floating rate - long-term debt	**535,101**	**584,300**	**-**	**1,119,401**
Fixed rate - long-term debt	**1,414,726**	**23,924,530**	**5,014,325**	**30,353,580**
Payable to preferred shareholders of a subsidiary - floating	**8,451**	**45,975**	**-**	**54,426**
Redeemable preferred shares - fixed	**1,000,000**	**500,000**	**-**	**1,500,000**
Obligations under finance lease - floating	**4,016**	**2,313**	**-**	**6,329**
	2,962,294	**25,057,118**	**5,014,325**	**33,033,736**

As of December 31, 2010

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

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

Interest expenses recognized during the comparative periods are as follows:

	SEPT 2011	**SEPT 2010**
Long term debt	**1,501,339**	1,180,726
Bank loans	**91,568**	272,247
Customers' deposits	**4,235**	4,342
Obligations under finance lease	**12,955**	3,817,393
Long-term obligation on PDS	**4,059,704**	26,324
Payable to preferred shareholder of a subsidiary	**8,231**	-
Advances from related parties	**27,603**	8,152
	5,705,635	5,309,184

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

	Increase/decrease in basis points	Effect on income before tax
Sept 2011	**100**	**(8,827)**
	(50)	**4,413**
Sept 2010	100	(10,778)
	(50)	5,389

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, 2011 and December 31, 2010, foreign currency denominated borrowings account for 30.71% and 30.78%, respectively, of total consolidated borrowings.

	SEPTEMBER 30, 2011		DECEMBER 31, 2010	
	US Dollar	**Peso Equivalent[1]**	US Dollar	Peso Equivalent[2]
Current Financial Assets				
Cash and cash equivalents	**47,005**	**2,055,052**	10,801	473,494
Trade and other receivables	**6,373**	**278,627**	9,233	404,775
Amounts owed by related parties	**1,400**	**61,208**	13,402	587,544
Total Financial Assets	**54,778**	**2,394,886**	33,436	1,465,813
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Current Financial Liabilities				
Bank loans	**4,950**	**216,414**	4,750	208,240
Trade and other payables	**9,418**	**411,755**	11,436	501,354
Long-term debt	**14,774**	**645,924**	-	-
Advances from shipping principals	**597,695**	**26,131,217**	90	3,946
Obligations under finance lease	**0**	**0**	563,388	24,698,930
Total Financial Liabilities	**626,837**	**27,405,310**	579,664	25,412,470
Net foreign currency denominated assets (liabilities)	**(572,059)**	**(25,010,424)**	(546,229)	(23,946,657)

[1]USD1 = 43.72
[2]USD1 = 43.84

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rates, with all other variables held constant, of the Group's profit before tax as of September 30, 2011.

	Increase (decrease) in US dollar rate	Effect on income before income tax
US dollar denominated accounts	5%	(1,250,521)
US dollar denominated accounts	-5%	1,250,521

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

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

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

As of September 30, 2011 and 2010, the Group's exposure to equity price risk is minimal.

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

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

In managing its long-term financial requirements, the policy of the Group, excluding CSB, is that not more than 25% of long term borrowings should mature in any twelve-month period. As of September 30, 2011 and December 31, 2010, the portion of the total long-term debt that will mature in less than one year is 4.64% and 4.79%, respectively. For its short-term funding, the policy of the Group, except CSB, is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

Cash and cash equivalents and trade and other receivables, which are all short-term in nature, have balances of P27,488,520 and P9,587,323 as of September 30, 2011 and P24,279,760 and P8,731,798 as of December 31, 2010, respectively. These financial assets will be used to fund short-term and operational liquidity needs of the Group.

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

		Contractual undiscounted principal payments				
	Total Carrying Value	**Total**	On demand	Less than 1 year	1 to 5 years	> 5 years
Financial Liabilities						
Operating						
Trade and other payables	**5,256,814**	**5,256,814**		5,256,814		
Customers' deposits	**2,114,180**	**2,093,678**	-	-	35,916	2,057,762
Financing						
Bank loans	**3,343,014**	**3,891,414**	-	3,891,414	-	-
Long-term debt	**28,292,865**	**28,086,858**	-	804,793	24,497,868	2,784,197
Obligations under finance lease	**51,501,099**	**110,228,004**	-	1,095,960	19,513,568	89,618,476
Obligations on power distribution system	**308,424**	**680,000**	-	40,000	200,000	440,000
Redeemable preferred shares	**1,500,000**	**1,500,000**	-	1,000,000	500,000	-
Others						
Derivative liabilities	**8,385**	**7,734**	-	7,734	-	-
Payable to preferred shareholder of a subsidiary	**54,426**	**124,280**	-	31,070	93,210	-
Total	**92,379,207**	**151,868,781**	**-**	12,127,785	44,840,562	94,900,435

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

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

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

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes during the periods ended September 30, 2011 and December 31, 2010.

Certain entities within the Group that are registered with the BOI are required to raise minimum amount of capital in order to avail of their registration incentives. As of September 30, 2011 and December 31, 2010, these entities have complied with this requirement as applicable.

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

Gearing ratios of the Group as of September 30, 2011 and December 31, 2010 are as follows:

	SEPT 2011	**DEC 2010**
Bank Loans	**3,343,014**	7,347,281
Long - term debt	**84,528,506**	73,781,670
Temporary advances from (to) related parties	**-**	(2,850)
Cash and cash equivalents	**(29,513,799)**	(26,097,203)
Net Debt (a)	**58,357,721**	55,028,898
Equity attributable to equity holders of the parent	**87,935,533**	78,317,428
Equity and Net Debt (b)	**146,293,254**	133,346,326
Gearing Ratio (a/b)	**39.89%**	41.27%

K. FINANCIAL INSTRUMENTS

Set out below is a comparison by category of carrying amounts and fair values of all of the Group's financial instruments that are carried in the financial statements at other than fair values.

	SEPTEMBER 30, 2011		DECEMBER 31, 2010	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets				
Cash				
Cash and cash equivalents	**29,513,799**	**29,513,799**	26,097,203	26,097,203
Loans and receivables				
Trade and other receivables	**18,240,285**	**18,240,285**	15,702,444	15,702,444
	47,754,084	**47,754,084**	41,799,647	41,799,647
AFS				
AFS investments	**74,221**	**74,221**	70,814	70,814
Derivative Asset			7,670	7,670
Total	**47,828,305**	**47,828,305**	41,878,131	41,878,131

	SEPTEMBER 30, 2011		DECEMBER 31, 2010	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial liabilities				
Other financial liabilities				
Bank loans	**3,343,014**	**3,343,014**	5,667,340	5,667,340
Trade and other payables	**6,998,394**	**6,998,394**	8,484,580	8,484,580
Derivative liability	**8,385**	**8,385**	323	323
Deposit liabilities - net of current portion	**4,350,595**	**4,350,595**	3,683,745	3,517,951
Customers' deposits	**2,114,180**	**2,114,180**	2,011,285	2,011,285
Obligations on power distribution system	**308,424**	**1,119,401**	282,559	413,057
Obligations under finance leases				
Fixed rate	**51,494,770**	**61,457,702**	48,305,116	58,268,048
Floating rate	**6,329**	**6,329**	-	-
Long-term debt				
Fixed rate	**30,353,580**	**32,278,686**	22,647,354	24,657,291
Floating rate	**1,119,401**	**1,119,401**	1,252,433	1,252,433
Payable to preferred shareholder of a subsidiary (floating rate)	**54,426**	**54,426**	76,767	76,767
Redeemable preferred shares				
Fixed rate	**1,500,000**	**1,545,154**	1,500,000	1,573,043
Total	**101,651,498**	**114,395,666**	93,911,502	105,922,118

As of September 30, 2011 and December 31, 2010, the group does not have any investment in foreign securities nor has it issued any traded foreign-denominated debt securities.

Fair Value of Financial Instruments

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

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

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

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

Fixed-rate borrowings

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

Variable-rate borrowings and Obligations under finance lease

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

Customers' deposits

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

Redeemable preferred shares

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

AFS investments

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

Obligations under Power Distribution System

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

L. DISCLOSURES

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

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

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

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

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

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

PFRS 7, Financial Instruments: Disclosures (Amendments) - Disclosures - Transfers of Financial Assets
The amendments to PFRS 7 are effective for annual periods beginning on or after July 1, 2010. The amendments will allow users of financial statements to improve their understanding of transfer transactions of financial assets (for example, securitizations), including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The amendments also require additional disclosures if a disproportionate amount of transfer transactions are undertaken around the end of a reporting period."

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

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

PFRS 9, Financial Instruments: Recognition and Measurement
After evaluating the impact of PFRS 9 and considering that it will not have any significant effect on the Group's operating results or financial condition, management has decided not to early adopt the said standard. It will be implemented only when it becomes effective on January 1, 2013. Thus, the interim consolidated financial statements do not reflect the impact of the said standard.

2. Seasonality of Interim Operations

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

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

3. Material Events and Changes

a. AEV Dividend Declaration

On March 3, 2011, the BOD of the Company approved the declaration of a cash dividend of P1.58 a share (P8.725 billion) to all stockholders of record as of March 17, 2011, payable on April 5, 2011.

b. Full Take-over of LHC

On March 31, 2011, Aboitiz Renewables, Inc. (ARI), a wholly owned subsidiary of Aboitiz Power Corp. (AP), signed a Memorandum of Agreement with Pacific Hydro Bakun, Inc. (PHBI) and Luzon Hydro Corporation (LHC) to give ARI full ownership over LHC. PHBI is ARI's joint venture partner in LHC. LHC owns and operates the 70 MW Bakun run-of-river hydropower plant in Ilocos Sur. The Bakun Hydro started commercial operations in 2001 under a build-operate-transfer scheme with the National Power Corporation. The total transaction value is approximately USD30 million. This increases ARI's ownership in LHC from 50% to 100%.

c. Purchase of UBP Shares

During the period May 10 - Sept. 23, 2011, the Company bought a total of 15,168,503 common shares of Union Bank of the Philippines (UBP) at an average price of P 59.98 per share. This has increased its ownership in UBP from 40.91% to 43.27%.

d. Acquisition of Navotas Power Barges

On May 27, 2011, Therma Mobile, Inc. (Therma Mobile), a wholly owned subsidiary of AP, acquired four barge-mounted floating power plants, including their respective operating facilities, from Duracom Mobile Power Corp. and East Asia Diesel Power Corp.

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.

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

ABOITIZ EQUITY VENTURES, INC. & SUBSIDIARIES
AGING OF RECEIVABLES
AS OF : SEPT 30/2011
(amts in P000's)

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Transport Services	292,391	53,726	3,253	11,690	361,060
Power	4,452,073	499,237	193,890	1,779,449	6,924,649
Banking	1,623,967	1,437,665	1,739,063	4,009,361	8,810,056
Food Manufacturing	894,480	152,039	17,414	38,046	1,101,979
Holding and Others	89,873	6,428	2,714	42,116	141,132
	7,352,784	**2,149,095**	**1,956,334**	**5,880,662**	**17,338,876**
Others	1,067,657	88,675	10,914	200,251	1,367,497
	8,420,442	**2,237,771**	**1,967,247**	**6,080,913**	**18,706,373**
Less Allowance for Doubtful Accounts					**466,088**
					18,240,285

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