COVER SHEET

CE02536

S.E.C. Registration Number

ABOITIZ EQUITY VENTURES, INC.

(Company's Full Name)

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

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

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

3rd Quarterly Report

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

Secondary License Type, if Applicable

SEC

Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders	Domestic	Foreign
10,875	X	

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, 2010

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	₱91,593,184,789

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 AEV and its subsidiaries (AEV 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.

KEY PERFORMANCE INDICATORS
(Amounts in thousands except financial ratio data)

	Sept 30/2010	Sept 30/2009	Dec 31/2009
EQUITY IN NET EARNINGS OF INVESTEES	**4,456,607**	3,169,788	
EBITDA	**29,601,436**	10,014,930	
CASH FLOW GENERATED:			
Net cash provided by operating activities	**20,607,364**	7,285,652	
Net cash used in investing activities	**(7,715,475)**	(23,074,926)	
Net cash provided by (used in) financing activities	**(6,576,674)**	6,792,550	
Net Increase (Decrease) in Cash & Cash Equivalents	**6,315,216**	(8,996,724)	
Cash & Cash Equivalent, Beginning	**5,582,228**	16,037,473	
Cash & Cash Equivalent, End	**12,118,401**	7,001,869	
CURRENT RATIO	**1.25**		0.79
DEBT-TO-EQUITY RATIO	**1.26**		1.62

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

Equity in net earnings of investees registered a 40.6% year-on-year (YoY) increase. This improvement was attributed to the strong performance of the banks and the majority of the power associates. Bulk of the increase was coming from the growth in the combined income contributions of Visayan Electric Company, Inc. ("VECO"), SN Aboitiz Power - Magat, Inc. ("SNAP-Magat") and SN Aboitiz Power - Benguet, Inc. ("SNAP-Benguet") due to rise in revenues, and from the fresh contribution of Cebu Energy Development Corporation ("CEDC"), the owner of the Cebu coal plants which started operating in February and May, 2010. Likewise, the banks contributed higher earnings during the current period on the back of higher net interest margins and trading gains.

The 196% increase in EBITDA was attributable to the rise in equity earnings of associates and the robust gross profit generated by the group as a result of higher revenues and effectively-controlled costs and expenses. The full nine-month period gross margin contribution of AP Renewables, Inc. ("APRI") which started commercial operations in June, 2009, and the fresh gross profit contributions of Therma Luzon, Inc. ("Therma Luzon"), Therma Marine, Inc. ("Therma Marine") and Hedcor Sibulan, Inc. ("Hedcor Sibulan") which commenced commercial operations in October, 2009, February, 2010, and March, 2010, respectively, also significantly enhanced this growth in EBITDA.

The improvement in both current and debt-to-equity ratios from year-end 2009 levels was mainly due to the increase in current assets which outpaced the slight increase in current liabilities, and the increase in equity which more than offset the increase in consolidated liabilities, respectively. The growth in current assets was mainly attributed to the movement in cash and trade and other receivables which correspondingly rose with the higher volume of revenues generated during the period in review. Equity attributable to equity holders of the parent also increased with the P16.84 billion net income recorded during the current nine-month period, net of the P2.87 billion cash dividends paid by AEV parent.

Despite today's challenging economic environment and external market volatilities, management teams across the Group continue to effectively handle and monitor their respective operating performances and financial requirements. This results in the generation of positive cash inflows from operations and raising of the needed funds to finance various investments and projects, 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 2010, AEV and subsidiaries posted a consolidated net income of P16.84 billion, a 187% year-on year increase, which translated to a P3.05 in earnings per share. This remarkable operating performance was driven by robust income contributions of the majority of the industry groups, with the power group still accounting for the lion's share at 83% and followed by the banking and food groups at 11% and 7% each, offsetting transport group's negative share.

The group recorded a non-recurring net gain of P408 million (versus P543 million for the same period last year), attributable to the P712 million foreign-exchange gains recognized in the revaluation of dollar-denominated liabilities under an appreciating Philippine peso scenario, net of its P304 million share in one of the power associate's refinancing cost. Sans one-off items, AEV's core net income grew at a very healthy rate of 208% YoY, from P5.33 billion to P16.43 billion.

Power

Aboitiz Power Corporation (AP) and its subsidiaries ended the current nine-month period with an income contribution of P14.16 billion, a 391% jump YoY. The power generation group recorded a 519% YoY surge in earnings contribution to AEV, from P2.26 billion to P13.97 billion, mainly due to the 195% increase in total attributable power sales, from 2,489 GWh to 7,340 GWh. This revenue growth substantially resulted from the fresh contributions of: a) Therma Luzon, the Independent Power Producer (IPP) administrator of the Pagbilao plant; b) Therma Marine, the owner of the two power barges; c) Hedcor Sibulan, the owner of the Sibulan plant; and d) CEDC, the owner of the Cebu coal plants. APRI, owner of the Tiwi-Makban geothermal power plants which were turned over to AP in May 2009, also contributed to the growth with its full nine months contribution in 2010. As at September 30, 2010, AP's attributable capacity was at 2,030 MW, posting a 94% YoY increase, with the assumption of the dispatch control over the 700 MW contracted capacity of the Pagbilao coal-fired power plant in October 2009, the takeover of the two 100 MW power barges in the first quarter of this year and the start of operations of the 42.5 MW Sibulan hydro power plant and the two 82 MW units of the 26%-owned Cebu coal-fired power plant in 2010.

On the other hand, the power distribution group's attributable electricity sales for the same period rose by 9% YoY, from 2,460 GWh to 2,677 GWh, as power consumption of the residential, commercial and industrial customers increased YOY by 6%, 5% and 11%, respectively. Customer base still grew, with the residential and non-residential segments increasing by 5% and 3%, respectively. This growth translated to a 12% YoY increase in its earnings contribution to AEV, from P847 million to P948 million. The growth in GWh sales, coupled with the implementation of the rate increase (under a Performance Based Regulation (PBR) scheme) by two power distribution utilities in

August 2010 and the full nine-month effect of a rate increase (under the Return on Rate Base (RORB) scheme) effected by one of these two firms, more than compensated for the higher expenses incurred during first half of 2010. These higher expenses resulted from the operation of the back-up power plant of a Davao-based distribution utility to provide the much-needed power to the Mindanao grid and the reduction in the systems loss allowance in January 1, 2010, from 9.5% to 8.5%.

Financial Services

Income contribution from the financial services group registered a 39% YoY improvement, from previous year's P1.4 billion to P1.94 billion. Union Bank of the Philippines ("UBP") ended the current nine-month period with an earnings contribution of P1.84 billion, up by 37% YoY, while City Savings Bank's ("CSB"), share in earnings was P110 million, up 97% YoY.

UBP's year-to-date (YTD) net income increased to P4.25 billion (vs. P3.93 billion for the same period last year) mainly due to the 7% YoY expansion in net interest income to P5.2 billion. This improvement was attributable to the 15% YoY reduction in the bank's interest expense, which outpaced the 3% YoY decrease in interest income resulting from lower average asset yields. The 6% increase in trading gains and other non-interest revenues and the 72% decrease in provision for loan impairment losses also added to the bank's bottomline growth.

The 74% YoY increase in CSB's net income of P282 million was attributed mainly to the 47% growth in its interest income on loans and service fees as total loan booked during the period was up by P1.7 billion to P6.4 billion.

Transport

The transport group ended the current period with a net loss contribution of P374 million, in contrast to last year's net income contribution of P331 million. This was mainly attributable to the 24% YoY increase in operating expenses to P10.1 billion largely brought about by higher international charter rates and fuel costs resulting from rising average fuel prices.

Food

For the period under review, income contribution from Pilmico Foods Corporation (Pilmico) and its subsidiaries amounted to P1.24 billion, up 69% YoY. In the flour and feed businesses, increase in sales volumes more than offset the decline in their average selling prices, resulting to a 141% and 12% YoY improvement in income contributions, respectively. The swine business' earnings contribution likewise improved by 160% YoY due to higher margins coming from increases in both sales volume and selling prices, complemented by lower input costs and enhanced operating efficiencies.

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

For the first nine months of 2010, AEV's consolidated net income attributable to equity holders registered a 187% growth, reaching P16.84 billion from P5.87 billion posted in the same period last year.

Operating profit for the current period amounted to P21.43 billion, a 358% increase from the P4.67 billion generated in the first nine months of 2009. This improvement was brought about by the P34.28 billion increase in consolidated revenues, which more than offset the P17.52 billion increase in costs and expenses. All the industry groups, except parent company and transport, recorded higher operating margins during the period under review.

Power subsidiaries reported a combined 532% YoY increase in operating margins resulting from the 232% growth in consolidated revenues which surpassed the corresponding hike in costs and expenses. Improvement in revenues (P45.9 billion vs. P13.82 billion) was largely due to the full nine-month contribution of APRI which started commercial operations in May, 2009, and the new contributions of Therma Luzon, Therma Marine and Hedcor Sibulan which commenced operations in October, 2009, February, 2010, and March, 2010, respectively. The 140% rise in consolidated costs and expenses (P25.69 billion vs. P10.72 billion) was mainly due to the operating costs of these same companies which accounted for 88% of the total increase.

Food group reported an 85% YoY increase in operating margins as the P1.28 billion increase in revenues more than compensated for the P455 million rise in costs and expenses. The 16% rise in sales (P9.45 billion vs. P8.18 billion) was largely attributed to the higher sales volume of flour, feeds and swine and better selling prices of swine. The 6% increase in costs (P7.66 billion vs. P7.21 billion) was mainly attributed to the higher costs of raw materials for feeds, which was partially tempered by the lower average wheat costs for flour and the decrease in operating costs for swine resulting from enhanced operating efficiencies of the company-owned farms.

Transport group registered a 204% decrease in operating margins, from a P516 million profit in the first nine months of 2009 to P536 million loss in the same period this year. This decline in margins was brought about by a P1.95 billion increase in costs and expenses (P10.1 billion vs. P8.15 billion) which more than offset the P894 million increase in revenues (P9.56 billion vs. P8.67 billion). The increase in costs and expenses was mainly due to higher international charter rates and fuel costs resulting from rising average fuel prices. The growth in consolidated revenues was due to the improvements in the international ship chartering business and the supply chain solutions, specifically trading and third party logistics, which more than made up for the decline in revenues from the local freight and passage business. The passage and local freight business operated at very limited capacity during the first half of the year, as most of its SuperFerry vessels and freighters were on regular maintenance and drydocking.

Share in net earnings of associates registered a 6% YoY improvement (P1.97 billion vs. P1.86 billion) primarily due to the strong performance of the majority of the power associates and the two bank associates. Bulk of the increase was coming from the growth in the combined income contributions of VECO, SNAP-Magat and SNAP-Benguet due to rise in revenues, and from the fresh contribution of CEDC, the owner of the Cebu coal plants which started operating in February and May, 2010. Likewise, the banks contributed higher earnings during the current period on the back of higher net interest margins and trading gains, coupled with the increased ownership of AEV in both.

The growth in consolidated operating profit and equity earnings was complemented by the increase in other income and partially offset by the rise in net interest expense and provision for income tax. Other income increased by 33% (P1.5 billion vs. P1.13 billion) resulting from the P1.25 billion increase in FX gains (P1.26 billion vs. P10M in the first nine months of 2009) mainly resulting from the restatement of the dollar-denominated debt of the power group (under an appreciating peso scenario as of September 30, 2010. Said increase was partially offset by the a) Company's one-off reversal in the first quarter of 2009 of the P575 million impairment provision that was set up in 2008 on its Aboitiz Transport System (ATSC) Corporation ("ATS") investment and recognition as income of the P83 million forfeited option money from the aborted sale of its ATS investment; b) incurrence of P135 million of currency forward losses in 2010; and c) P111 million decrease in gain on sale of various assets. The P4.01 billion increase in net interest expense (P5.25 billion vs. P1.24 billion) was due to higher average debt level in 2010, which includes the P45.92 billion finance lease obligation booked by Therma Luzon in October 2009. This finance lease obligation generated P3.81 billion in accreted interest expense in the first nine months of 2010 (vs. nil in the same period in 2009). The P178 million increase in provision for income tax (P911 million vs. P733 million) was mainly due to the higher taxable income generated by the power group for the current period.

The 291% increase in net income attributable to minority interests was mainly due to the significant surge in power group's net income, 24% of which, belongs to minority shareholders.

AEV's consolidated comprehensive income attributable to equity holders rose by 179%, from P6.24 billion in the first nine months of 2009 to P17.4 billion in the same period this year. This was mainly due to the increase in both net income (P16.84 billion vs. P5.87 billion) and other comprehensive income (P560 million vs. P372 million). The rise in other comprehensive income was mainly a result of the increase in the share of net unrealized gains on AFS investments of UBP, from P376 million to P629 million, as higher mark-to-market valuation gains on its investment securities were recorded during the current period. This increase was partially offset by the dip (P72 million vs P5 million) in the share of cumulative translation adjustments recorded by power associates using functional currency accounting. With the higher average US dollar depreciation as of end of September, 2010 compared to that of last year, these power associates posted a decrease in the foreign currency translation adjustments.

Changes in Registrant's Resources, Liabilities and Shareholders Equity

Assets

Compared to year-end 2009 levels, consolidated assets increased 15% to P164.51 billion as of September 30, 2010, due to the following:

a. Cash & Cash Equivalents increased by P6.54 billion mainly due to higher funds held by AEV parent and the power and food groups. For AEV parent, the increase was due to unused proceeds from the additional debt availed during the current period. For power and food groups, the surge in their net income translated to higher excess cash generated from operations.

b. Trade and Other Receivables increased by 44% from P7.63 billion to P10.98 billion, primarily due to the newly-consolidated receivables of Therma Marine and the rise in trade receivables of APRI and Therma Luzon resulting from higher sales.

c. Inventories increased by 22% (P3.99 billion vs. P3.27 billion) mainly due to the steady increase in coal inventories of Therma Luzon and the newly-consolidated spare parts inventory of Therma Marine.

d. Other Current Assets increased by 37% (P2.63 billion vs. P1.92 billion) mainly due to the build-up of VAT inputs of the newly-consolidated Therma Marine and the additional VAT inputs generated from the various asset purchases and capital expenditures made by the transport group during the current period.

e. Property, Plant & Equipment (PPE) increased by P3.62 billion, from P80.56 billion to P84.18 billion. Adding back depreciation expense, the P6.9 billion increase was primarily due to the P1.39 billion purchase of the two power barges by Therma Marine, P865 million additional costs in the construction of Sibulan, P1.39 billion capital expenditures by various AP and ATS subsidiaries, P1.12 billion purchase and refurbishment of three vessels by ATS and P226 million costs incurred in the ongoing construction of a new feedmill by food group. The capitalized P1.92 billion drydocking and repair costs of ATS also contributed to the increase.

f. Investments and Advances totalled P44.3 billion, up by 15% from year-end 2009 level of P38.57 billion. This increase was mainly attributed to the following: (1) purchase of P129 million worth of CSB shares and P647 million of UBP shares; (2) P942 million capital infusion into SNAP-Benguet to finance the on-going Ambuklao plant rehabilitation; (3) recognition of a P629 million share in unrealized valuation gains on

UBP's AFS investments; and (4) increase in accumulated equity earnings resulting from the recording of P4.46 billion share in associates' net earnings and the receipt of P1.12 billion cash dividends from certain associates.

g. Deferred Income Tax Assets increased by 85% (P952 million vs. P514 million) mainly due to ATS's recognition of the corresponding income tax benefit on the additional Net Operating Loss Carry Over (NOLCO) generated during the current period.

Liabilities

Consolidated short-term bank loans decreased by 59% (P3.74 billion vs. P9.04 billion) while long-term liabilities went up by 10% (P72.83 billion vs. P66.46 billion). The decline in short-term was mainly due to the prepayments made by power group using internally-generated funds. The upward movement in long term debt was mainly due to the: a) P2.5 billion fixed-rate notes issuance by AEV parent to fund its cash dividend distribution and additional purchases of CSB and UBP shares; b) P2.0 billion loan availment by ATS to finance the purchase of three vessels and its various capital expenditures; c) P1.7 billion net increase in the finance lease obligation of Therma Luzon resulting from interest accretion and foreign exchange adjustments; and d) P800 million loan availment by power subsidiary Cebu Private Power Corporation (CPPC), and partially offset by the P669 million amortization payments of existing loans.

Trade and other payables went up by 13% from P10.74 billion to P12.19 billion, mainly due to the rise in power group's payables resulting from the first-time consolidation of Therma Marine's accounts and the higher trade payables of Therma Luzon and APRI.

Income tax payable decreased by 25% mainly due to the lower levels maintained by the power group.

Customer deposits was higher by 10% mainly due to the growth in the customer base of Davao Light and Power Company, Inc. ("DLP") as well as the new deposits recorded in APRI from its bilateral contracts.

Deferred income tax liabilities increased by P388 million mainly due to Therma Luzon'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 32% from year-end 2009 level of P44.70 billion to P59.21 billion, mainly due to (1) the P13.97 billion increase in Retained Earnings, resulting from P16.84 billion net income recorded during the nine-month period and offset by the P2.87 billion cash dividends paid to common stockholders; and (2) the P629 million increase in Share in Unrealized Gains on AFS Investments and Underwriting Accounts of an associate resulting from the improvement in the market prices of these financial instruments as of the end of the current period.

Material Changes in Liquidity and Cash Reserves of Registrant

For the first nine months of 2010, the group continued to support its liquidity mainly from cash generated from operations and dividends received from associates. External borrowings were also a source of liquidity.

Compared to the cash inflow during the comparable period in 2009, consolidated cash generated from operating activities in the first nine months of 2010 increased by P13.32 billion to P20.61

billion. This increase was largely a result of a higher net income generated during the current period, partially offset by the rise in trade receivables.

Net cash used in investing activities was lower at P7.72 billion, versus P23.07 billion in the first nine months of 2009, as business acquisitions slowed down during the period under review.

The current period posted a P6.58 billion net cash used in financing activities, compared to the P6.79 billion net cash provided by long-term loan availments in the first nine months of 2009. As against last year, short-term loan prepayments and cash dividend distribution using funds generated from operations were higher while loan availments were lower.

For the current period, net cash inflows were higher than cash outflows, resulting to a 117% increase in cash and cash equivalents, from P5.58 billion in December, 2009 to P12.12 billion in September 2010.

Financial Ratios

The improvement in current ratio, from 0.79:1 as of December 2009 to 1.25:1 as of September 2010, was mainly due to the increase in current assets which outpaced the slight increase in current liabilities. The growth in current assets was mainly attributed to the movement in cash and trade receivables which correspondingly rose with the higher volume of revenues generated during the period in review. Likewise, debt-to-equity ratio improved, from 1.62:1 as of Dec. 2009 to 1.26:1 as of September 2010, and net debt-to-equity ratio at 0.9x (versus year-end 2009's 1.3x), as the increase in equity outpaced the increase in consolidated liabilities. The increase in equity attributable to equity holders of the parent substantially came from the P16.84 billion net income recorded during the current nine-month period.

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

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

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

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

<u>Power</u>

Generation Business

1. Continued Growth in the Company's attributable capacity

AP ended the period September 30, 2010 with a 94% YoY expansion in its total attributable generating capacity, from 1,045 MW to 2,030 MW. The capacity growth was mainly due to the following:

- Takeover of dispatch control over the 700 MW contracted capacity of the Pagbilao coal-fired power plant

On August 28, 2009, Therma Luzon, a wholly owned subsidiary of AP, submitted the highest offer in the competitive bid for the appointment as the IPP Administrator of the 700 MW Contracted Capacity of the Pagbilao Coal Fired Thermal Power Plant located in Pagbilao, Quezon ("the Pagbilao IPPA") conducted by Power Sector Asset and Liabilities Management Corporation ("PSALM"). The bid price amounted to US$691 million as calculated in accordance with PSALM bid rules. This value represents the present value of a series of monthly payments to PSALM from October 2009 to August 2025 using PSALM discount rates. On October 1, 2009, Therma Luzon assumed dispatch control of the 700 MW Contracted Capacity of the Pagbilao Plant following the successful completion by Therma Luzon of the conditions precedent required in the IPP Administration Agreement with PSALM. As IPP Administrator, Therma Luzon is responsible for procuring the coal requirements of the Pagbilao Plant and for selling the electricity generated by the plant.

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

  AP, through wholly owned subsidiary Therma Marine, assumed ownership of PB 118 and PB 117 on February 6, 2010 and March 1, 2010, respectively. PB 118 is a power barge with a 100 MW bunker-fired generating facility moored at Bgy. San Roque, Maco, in Compostella Valley, Mindanao, while PB 117 is a power barge with a 100 MW bunker-fired generating facility moored at Bgy. Sta. Ana, Nasipit, Agusan del Norte, Mindanao.

  AP acquired both power barges on July 31, 2009 via a successfully concluded negotiated bid with PSALM. The total purchase price for both barges is US$30 million. Therma Marine has Ancillary Services Procurement Agreements ("ASPA") with the National Grid Corporation of the Philippines ("NGCP").

- Full and partial completion of Greenfield power plant developments

  <u>42.5 MW Hedcor Sibulan Hydro Power Plant Project.</u> This is a Greenfield run-of-river hydro power plant located in Barangay Sibulan, Sta. Cruz, Davao del Sur by AP's 100% owned subsidiary Hedcor Sibulan. The facilities, which comprise two cascading hydropower generating facilities tapping the Sibulan and Baroring rivers, are expected to generate an estimated 212 million kWh of clean and emissions-free energy annually. Plant B, which has a capacity of 26 MW, commenced its operations in May 2010, while Plant A, which has a capacity of 16.5 MW, was completed in July 2010.

  <u>164 MW out of the 246 MW Cebu Coal-fired Power Plant</u>. The 3x82 MW coal-fired power plant in Toledo City, Cebu, which is a joint venture with Metrobank Group's Global Business Power Corporation and Cebu-based Vivant Energy Corporation (VEC) of the Garcia Group, is scheduled for completion in 2010. Two units with a capacity of 82 MW each have started generating and feeding power into the Visayas Grid in February and May 2010. The last unit is expected to be completed in the fourth quarter of 2010. AP has an effective participation of 26% in the project.

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

- Rehabilitation of the Ambuklao-Binga hydro power facilities

  The Company, together with its partner SN Power Invest AS ("SN Power"), is pursuing the programmed rehabilitation of both the 75 MW Ambuklao and 100 MW Binga hydro facilities. Completion of the rehabilitation of the former has been delayed due to the construction of a new headrace tunnel ("HRT"). Difficulties were encountered in completing the plugging of the existing plant HRT due to the unexpectedly larger quantity of sediments (silt and clay) in the facility compounded by the effect of Typhoon Pepeng. The plant's rehabilitation works are expected to be completed by the last quarter of 2011, when all three (3) units are operating, instead of end-2010 as earlier estimated. After the rehabilitation, the Ambuklao plant will have a capacity of 105 MW of renewable energy that will significantly augment supply of electrical power to the Luzon Grid. Rehabilitation works on Binga will commence in 2011, performing works on one unit per year. Completion of rehabilitation of all four units is expected by 2014, which should enhance generating capacity by 20%, to 120 MW.

- Greenfield and Brownfield developments

<u>300 MW Coal-fired Power Plant in Subic.</u> After revisiting the power demand and supply situation in the Luzon Grid, 50%-owned Redondo Peninsula Energy, Inc. ("RP Energy") has decided to pursue the 300 MW coal-fired power plant project in Subic Bay Freeport Zone (the "Subic Coal Project"). Management believes that the current economic environment makes the Subic Coal Project more feasible. RP Energy is in talks with prospective turnkey contractors for the Engineering, Procurement and Construction contract for the project. The Board of Directors of AP had previously approved its investment in RP Energy and the Subic Coal Project but deferred its project timetable.

<u>150 MW Coal-fired Power Plant in Misamis Oriental.</u> On June 28, 2010, AP 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. AP and its partners agreed to maintain their shareholdings in the same proportions in the new corporation to be established for the planned additional capacity. Certain essential facilities, such as the jetty, coal handling facilities and stockyards and the 138-kV interconnection with the Mindanao Grid are to be shared with the existing facilities. Depending on the interest the market demonstrates, the agreement contemplates the possibility of another unit.

<u>15 MW Hedcor Tamugan Hydro Power Plant Project.</u> Wholly owned subsidiary, Hedcor Tamugan, Inc. ("Hedcor Tamugan"), is awaiting the resolution of the Tamugan water rights dispute with the Davao City Water District ("DCWD") before it will pursue the construction of the Tamugan hydropower project. Further discussion with the DCWD led to the revision of the project's design and plant size. Hedcor Tamugan has submitted a proposal for a 15 MW hydropower plant, in lieu of the contested proposal for a 27.5 MW hydropower plant. Given the new project scheme, Hedcor Tamugan will have to conduct studies for engineering design for one year. Once approved and permits are secured, the two-year construction period will commence. Despite the lower generating capacity, the required amount of energy under a power supply agreement between the Hedcor consortium (of which Hedcor Tamugan is a part of) and DLP will be met.

<u>Other Greenfield and Brownfield developments.</u> AP, together with its subsidiaries and associate company, is conducting feasibility studies for potential Greenfield and Brownfield projects.

- AP is undergoing a feasibility study for a 150-200 MW coal-fired power plant in Davao, which is the biggest load center in the island of Mindanao. Proposal has been presented to the local government and business community. The company is currently looking for a potential site. Once in place, together with all the necessary permits and approvals, construction is expected to be completed in 36 months.

- 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 pump 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. It expects to come up with a shortlist of projects for presentation to its board by end of 2010, but firm prospects for investment may be expected sometime early 2011.

- 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

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

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

Distribution Business

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

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

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

VECO and DLP are part of the third group (Group C) of private distribution utilities expected to enter PBR. Both VECO and DLP entered their respective reset periods in end 2008 and obtained ERC approvals on their respective annual revenue requirement and performance incentive scheme in March 2010. VECO and DLP started to implement their approved rate structures in August 2010.

San Fernando Electric Light & Power Company, Inc. ("SFELAPCO") and Subic Enerzone Corporation ("SEZ") are part of the fourth batch (Group D) of private distribution utilities to enter PBR. They are expected to enter their respective 4-year regulatory period by October 1, 2011.

In September 2009, SFELAPCO filed a rate increase application with the ERC under the RORB rate making methodology. In April 2010, the ERC approved a rate increase of P0.2297/kWh, which was implemented starting May 8, 2010.

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

Market and Industry Developments

Open Access and Retail Competition

Per Electric Power Industry Reform Act ("EPIRA"), the conditions for the commencement of the Open Access and Retail Competition are as follows:

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

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

Under the Open Access and Retail Competition, an eligible contestable customer, which is defined as an end-user with a monthly average peak demand of at least 1 MW for the preceding 12 months, will have the option to source their electricity from eligible suppliers that have secured a Retail Electricity Supplier ("RES") license from the ERC. Eligible suppliers shall include the following:

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

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

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

- Retail Electricity Suppliers duly licensed by the ERC

The implementation of the Open Access presents a big opportunity for AP, 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, AP's generation assets that have uncontracted capacity will be able to have direct access to eligible contestable customers through AP's licensed RES.

Financial Services

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

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

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

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

On March 10, 2010, the Board of Directors of AEV approved the proposal to acquire up to 60% ownership of CSB, with the remaining 40% equity to be acquired by Pilmico. The combined purchase by AEV and Pilmico is valued at approximately P1.36 billion. The planned acquisition is also conditional upon AEV's obtaining the necessary Monetary Board approval for the transaction.

Food Manufacturing

The expansion of Pilmico's Iligan feedmill was completed in July 2010, which involved the construction of a second production line. Commercial operation began in October 2010. The new production line has an estimated annual capacity of 115,000 metric tons, increasing total production by 94%.

Pilmico is in the process of completing the documentation for the ISO certification of its Iligan feedmill. It aims to obtain said certification by 2011. The same is being done for Pilmico Animal Nutrition Corporation's ("PANC") Tarlac feedmill. PANC is a wholly owned subsidiary of Pilmico.

For its swine business, PANC's third grower-finisher farm in Capas, Tarlac was completed in January 2010. This increased the capacity of company-owned farms by 60%. The construction of PANC's fourth grower-finisher farm is currently on its site preparation stage, which is expected to further increase total capacity by another 38%. General construction work is scheduled to commence in November 2010 with completion estimated by May 2011.

The construction of PANC's biogas system for its Farms 1 and 3 and the Nucleus Multiplier Facility in Tarlac has been completed and is currently undergoing test runs. Once operational, PANC expects to make its farms' operations almost power self-sufficient with the conversion of hog waste to electricity. The application of the project under the Renewable Energy Act of 2008 ("RE Act") is underway. Once approved, the biogas operation will be eligible to avail of fiscal incentives as provided by the RE Act.

Transport

ATS ended the third quarter of 2010 with its entire fleet in full operations. In the first half of the year, ATS operated with very limited capacity, as most of its vessels and freighters were on regular maintenance and drydocking, thus limiting its operating capacity and contributing to overall reduction in its financial performance. For the next 30 months until its next scheduled maintenance, ATS expects to maximize the earnings potential of its fleet, including the two new SuperFerry vessels purchased earlier this year.

ATS' passenger business under the brand name SuperFerry continues to focus on providing its customers with value service at the lowest cost. 2GO is integrating its total supply chain solutions business in order to provide seamless solutions to clients. Both Zoom in Packages, Inc. ("ZIP") and

Reefer Van Specialists, Inc. ("RVSI") have merged with ATS. ZIP's business focus is on full container load ("FCL") and loose container load ("LCL") cargo while RVSI focuses on the cold chain business, which involves the transport of frozen and perishable goods. Both ZIP and RVSI services will be offered as services under ATS. Merging the companies will result in cost efficiencies and better synergies and ultimately serving customers better.

PART II--OTHER INFORMATION

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

SIGNATURES

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

Issuer	**ABOITIZ EQUITY VENTURES, INC.**
Principal Accounting Officer	**MELINDA R. BATHAN**
Signature and Title	Vice President – Controller
Date	15 NOV 2010
Corporate Secretary	**M. JASMINE S. OPORTO**
Signature and Title	First Vice President – Chief Legal Officer/ Corporate Secretary/Compliance Officer
Date	15 NOV 2010

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AT SEPTEMBER 30, 2010 AND DECEMBER 31, 2009
(Amounts in Thousands)

	UNAUDITED SEP 2010	AUDITED DEC 2009
ASSETS		
Current Assets		
Cash and cash equivalents	**12,118,401**	5,582,228
Trade and other receivables - net	**10,975,504**	7,634,835
Current portion of derivative asset	**-**	846
Inventories - net	**3,987,632**	3,268,720
Other current assets	**2,631,141**	1,918,068
Total Current Assets	**29,712,678**	18,404,697
Noncurrent Assets		
Property, plant, and equipment - net	**84,182,098**	80,564,992
Intangible asset - service concession right	**927,479**	882,308
Investment properties - net	**306,611**	306,611
Investments and advances	**44,298,894**	38,568,422
Available-for-sale (AFS) investments	**94,906**	84,935
Goodwill	**1,806,769**	1,812,783
Pension asset	**105,506**	105,507
Deferred income tax assets	**952,586**	514,530
Other noncurrent assets - net	**2,119,768**	2,036,023
Total Noncurrent Assets	**134,794,617**	124,876,111
TOTAL ASSETS	**164,507,295**	143,280,808
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	**3,738,110**	9,035,038
Trade and other payables	**12,189,365**	10,745,734
Current portion of derivative liability	**4,631**	16,476
Dividends payable	**8,333**	38,711
Income tax payable	**343,514**	457,223
Current portion of long-term debt	**1,529,353**	722,867
Current portion of obligations under finance lease	**5,885,616**	2,277,216
Current portion of obligations on Power Distribution System	**40,000**	40,000
Current portion of payable to preferred shareholder of a subsidiary	**10,348**	11,263
Total Current Liabilities	**23,749,270**	23,344,528
Noncurrent Liabilities		
Long-term debt - net of current portion	**22,035,966**	18,223,835
Redeemable preferred shares	**1,520,176**	1,520,176
Obligations under finance lease - net of current portion	**41,470,856**	43,340,516
Obligations on Power Distribution System - net of current portion	**273,784**	247,460
Customers' deposits	**1,956,592**	1,786,681
Payable to preferred shareholder of a subsidiary	**61,467**	76,767
Pension liability	**94,555**	55,631
Deferred income tax liability	**430,519**	43,003
Total Noncurrent Liabilities	**67,843,915**	65,294,069
Total Liabilities	**91,593,185**	88,638,597
Equity Attributable to Equity Holders of the Parent		
Capital stock	**5,694,600**	5,694,600
Additional paid-in capital	**5,791,324**	5,791,324
Net unrealized gains on AFS investments	**23,839**	15,647
Cumulative translation adjustments	**(78)**	(1,302)
Share in cumulative translation adjustments of associates	**11,095**	88,118
Share in net unrealized gains (losses) on AFS investments and underwriting accounts of associates	**563,902**	(64,734)
Gain on dilution	**5,376,176**	5,376,176
Acquisition of minority interest	**(514,567)**	(500,177)
Retained earnings	**43,560,057**	29,592,607
Treasury stock at cost	**(1,295,163)**	(1,295,163)
	59,211,185	44,697,096
Minority Interests	**13,702,925**	9,945,115
Total Equity	**72,914,110**	54,642,211
TOTAL LIABILITIES AND EQUITY	**164,507,295**	143,280,808

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED SEPTEMBER 30, 2010 AND 2009
(Amounts in Thousands)
(UNAUDITED)

	JAN-SEP/10	JAN-SEP/09	JUL-SEP/10	JUL-SEP/09
REVENUES	**65,193,539**	30,915,958	**18,013,930**	11,571,025
COSTS AND EXPENSES	**43,759,763**	26,241,699	**12,771,155**	9,256,179
GROSS PROFIT	**21,433,775**	4,674,259	**5,242,775**	2,314,846
OTHER INCOME (CHARGES)				
Share in net earnings of associates	**4,456,607**	3,169,788	**2,483,722**	1,304,345
Interest income	**153,052**	462,450	**66,713**	76,217
Interest expense	**(5,309,184)**	(1,581,781)	**(1,813,310)**	(867,811)
Dividends on redeemable preferred	**(94,624)**	(123,474)	**(31,666)**	(40,558)
Other income	**1,498,932**	1,128,616	**1,358,716**	380,185
	704,782	3,055,599	**2,064,175**	852,378
INCOME BEFORE INCOME TAX	**22,138,558**	7,729,858	**7,306,950**	3,167,224
PROVISION FOR INCOME TAX	**911,321**	733,177	**408,147**	178,928
NET INCOME	**21,227,236**	6,996,681	**6,898,803**	2,988,296
ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE PARENT	**16,838,823**	5,873,147	**5,557,701**	2,435,215
MINORITY INTERESTS	**4,388,413**	1,123,534	**1,341,102**	553,081
	21,227,236	6,996,681	**6,898,803**	2,988,296
Earnings Per Common Share **				
Basic, for income for the period attributable to ordinary holders of the parent	**3.049**	1.053	**1.006**	0.437
Diluted, for income for the period attributable to ordinary holders of the parent	**3.049**	1.053	**1.006**	0.437

** 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, 2010 AND 2009
(Amounts in Thousands)
(UNAUDITED)

	JAN-SEP/10	JAN-SEP/09	**JUL-SEP/10**	JUL-SEP/09
Profit for the period attributable to:				
Equity holders of the parent	**16,838,823**	5,873,147	**5,557,701**	2,435,215
Minority interests	**4,388,413**	1,123,534	**1,341,102**	553,081
Profit for the period	**21,227,236**	6,996,681	**6,898,803**	2,988,296
Other comprehensive income:				
Net unrealized gains (losses) on AFS investments	**1,852**	(1,349)	**180**	3,235
Exchange differences on translating foreign-denominated transactions	**1,835**	(1,839)	**4,108**	5,460
Share in movement in unrealized valuation gains on AFS investments of an associate	**628,636**	376,006	**376,783**	77,353
Share in movement in cumulative translation adjustments of associates	**(94,843)**	(7,106)	**(99,575)**	(33,821)
Other comprehensive income for the period, net of tax (Schedules A & B)	**537,480**	365,712	**281,496**	52,227
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**21,764,716**	7,362,393	**7,180,299**	3,040,523
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the parent	**17,399,852**	6,244,786	**5,862,809**	2,488,783
Non-controlling interests	**4,364,864**	1,117,607	**1,317,490**	551,740
	21,764,716	7,362,393	**7,180,299**	3,040,523

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2010 AND 2009
(Amounts in Thousands)
(UNAUDITED)

	JAN-SEP/10	JAN-SEP/09	JUL-SEP/10	JUL-SEP/09
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income tax	**22,138,558**	7,729,858	**7,306,950**	3,167,224
Adjustments for:				
Share in net earnings of associates	**(4,456,607)**	(3,169,788)	**(2,483,722)**	(1,304,345)
Depreciation and amortization	**3,307,209**	1,656,687	**1,143,602**	634,858
Interest income	**(153,052)**	(462,450)	**(66,713)**	(76,217)
Interest expense	**5,403,808**	1,705,255	**1,844,975**	908,369
Dividend income	**(1,332)**	(6,647)	**(255)**	(51)
Provision for impairment loss on receivables	**14,009**	-	**4,382**	-
Unrealized fair valuation gains on derivatives	**(13,348)**	-	**(3,130)**	-
Provision for decline in value of other assets	**19,468**	25,750	**9,589**	7,406
Provision for retirement benefits	**2,302**	2,793	**767**	837
Reversal of provision for impairment of goodwill on investments	**-**	(574,789)		
Unrealized foreign exchange loss (gain)	**(1,479,018)**	38,880	**(1,308,496)**	(31,936)
Gain on sale of available for sale investments	**-**	(296)		
Loss (Gain) on sale of property, plant & equipment	**46,010**	(29,607)	**51,835**	(4,265)
Operating income before working capital changes	**24,828,006**	6,915,647	**6,499,785**	3,301,880
Changes in:				
Decrease (increase) in operating current assets	**(4,781,941)**	(1,264,717)	**1,663,311**	(966,315)
Increase (decrease) in operating current liabilities	**1,639,287**	2,061,569	**(864,205)**	301,749
Cash provided by operations	**21,685,352**	7,712,498	**7,298,892**	2,637,314
Income and final taxes paid	**(1,077,988)**	(426,846)	**(428,712)**	(140,700)
Net cash provided by operating activities	**20,607,364**	7,285,652	**6,870,180**	2,496,614
CASH FLOWS FROM INVESTING ACTIVITIES:				
Dividends received	**1,118,513**	883,876	**40,121**	124,602
Interest received	**166,924**	489,830	**66,447**	56,522
Additions to investments	**(1,717,466)**	(306,876)	**(953,584)**	(8,884)
Payments for advances to associates	**(143,507)**	(1,468,328)	**(110,509)**	(333,711)
Acquisitions of property, plant and equipment - net	**(6,955,389)**	(22,690,613)	**(2,095,679)**	(1,072,956)
Disposals (acquisitions) of available for sale investments	**(1,779)**	11,324	**(1,754)**	1,857
Proceeds from sale of investments in shares of stock	**3,094**	-	**3,094**	-
Increase in intangible assets	**(79,574)**	(235,883)	**(30,959)**	(194,424)
Decrease (increase) in other assets	**(106,292)**	241,744	**(90,112)**	490,730
Net cash used in investing activities	**(7,715,476)**	(23,074,926)	**(3,172,934)**	(936,264)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Proceeds from (payments of) loans payable	**(5,296,928)**	2,376,004	**1,074,582**	6,135,724
Proceeds from (payments of) long-term debt	**4,644,941**	8,646,788	**(130,036)**	(6,320,370)
Payments of finance lease obligation	**(858,919)**	-	**(265,035)**	-
Proceeds from (payments of) payable to preferred shareholders of a subsidiary	**(16,215)**	(5,469)	**4,951**	5,468
Interest paid	**(1,604,212)**	(1,729,468)	**(538,460)**	(992,642)
Decrease in derivative liabilities	**2,349**	-	**3,485**	
Cash dividends paid	**(2,871,373)**	(1,505,234)		
Decrease in minority interest	**(590,706)**	(674,393)	**(20,002)**	(125,194)
Increase (decrease) in acquisition of minority interest	**14,390**	(315,680)	**14,390**	(315,680)
Re-issuance of treasury shares	**-**	3		
Net cash used in financing activities	**(6,576,673)**	6,792,550	**143,875**	(1,612,693)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**6,315,216**	(8,996,724)	**3,841,120**	(52,342)
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH & CASH EQUIVALENTS	**220,957**	(38,880)	**(49,436)**	31,936
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**5,582,228**	16,037,473	**8,326,717**	7,022,275
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	**12,118,401**	**7,001,869**	**12,118,401**	**7,001,869**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2010 AND DECEMBER 31, 2009

	Attributable to owners of the parent														
	Share Capital Common	Share Capital Preferred	Additional Paid-in Capital	Available-for-sale financial assets	Translation of Foreign-denominated Transactions	Share in Other Comprehensive Income of Associates	Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate	Equity Balances of Disposal Group	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**	**(1,302)**	**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-Sep 2010:															
Cash dividends											(2,871,373)		(2,871,373)	-	(2,871,373)
Acquisition of minority interest										(14,390)			(14,390)	(4,239)	(18,629)
Changes in minority 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**	**(78)**	**11,095**	**563,902**	**-**	**5,376,176**	**(514,567)**	**43,560,056**	**(1,295,163)**	**59,211,185**	**13,702,925**	**72,914,110**

	Attributable to owners of the parent														
	Share Capital Common	Share Capital Preferred	Additional Paid-in Capital	Available-for-sale financial assets	Translation of Foreign-denominated Transactions	Share in Other Comprehensive Income of Associates	Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate	Equity Balances of Disposal Group	Gain on Dilution	Acquisition of Minority Interest	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total
Balances at December 31, 2008, as previously stated	**5,694,600**		**5,791,324**	**3,496**	**1,444**	**(14,007)**	**(304,420)**	**422**	**5,023,252**	**(361,446)**	**22,790,973**	**(830,657)**	**37,794,981**	**8,860,621**	**46,655,602**
Re-presentation of reserve of disposal group						529	4,342	(422)		(4,449)			0		0
Balances at December 31, 2008, as restated	**5,694,600**	**-**	**5,791,324**	**3,496**	**1,444**	**(13,478)**	**(300,078)**	**-**	**5,023,252**	**(365,895)**	**22,790,973**	**(830,657)**	**37,794,981**	**8,860,621**	**46,655,602**
Changes in equity for Jan-Dec 2009:															
Purchase of treasury shares												(464,506)	(464,506)	-	(464,506)
Gain on Dilution									352,924				352,924	-	352,924
Acquisition of minority interest										(134,282)			(134,282)	128,522	(5,760)
Cash dividends											(1,505,234)		(1,505,234)	-	(1,505,234)
Changes in minority interest													-	(710,560)	(710,560)
Total comprehensive income for the year	-	-	-	12,151	(2,746)	101,596	235,344	-	0	-	8,306,869	-	8,653,213	1,666,532	10,319,745
Balances at December 31, 2009	**5,694,600**	**-**	**5,791,324**	**15,647**	**(1,302)**	**88,118**	**(64,734)**	**-**	**5,376,176**	**(500,177)**	**29,592,606**	**(1,295,163)**	**44,697,096**	**9,945,115**	**54,642,211**

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

	Attributable to owners of the parent														
	Share Capital Common	Share Capital Preferred	Additional Paid-in Capital	Available-for-sale financial assets	Translation of Foreign-denominated Transactions	Share in Other Comprehensive Income of Associates	Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate	Equity Balances of Disposal Group	Gain on Dilution	Acquisition of Minority Interest	Retained Earnings	Treasury Stock	Total	Non-controlling Interests	Total
Balances at December 31, 2008	**5,694,600**		**5,791,324**	**3,496**	**1,444**	**(14,007)**	**(304,420)**	**422**	**5,023,252**	**(361,445)**	**22,790,973**	**(830,657)**	**37,794,979**	**8,860,621**	**46,655,600**
Changes in equity for Jan-Sep 2009:															
Sale of treasury shares												3	3		3
Acquisition of minority interest										315,680			315,680	(315,679)	1
Cash dividends											(1,505,234)		(1,505,234)		(1,505,234)
Changes in minority interest													-	(37,108)	(37,108)
Total comprehensive income for the year				3,083	(6,611)	(4,759)	380,348	(422)			5,873,148		6,244,787	1,117,607	7,362,392
Balances at September 30, 2009	**5,694,600**	**-**	**5,791,324**	**6,579**	**(5,168)**	**(18,766)**	**75,927**	**-**	**5,023,252**	**(45,766)**	**27,158,886**	**(830,654)**	**42,850,215**	**9,625,440**	**52,475,655**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
FINANCIAL STATEMENT SCHEDULES AND DISCLOSURES
AT SEPTEMBER 30, 2010 AND DECEMBER 31, 2009
(peso amounts in thousands)

A. COMPONENTS OF OTHER COMPREHENSIVE INCOME

		JAN-SEP/10		JAN-SEP/09
Available-for-sale financial assets:				
Net unrealized losses arising during the year	**1,852**		(1,349)	
Less: Reclassification adjustments for losses included in profit or loss	-	**1,852**	**-**	(1,349)
Exchange differences on translating foreign-denominated transactions		**1,835**		(1,839)
Share in movement in unrealized valuation gains on AFS investments of an associate		**628,636**		376,006
Share in movement in cumulative translation adjustments of associates		**(94,843)**		(7,106)
Other comprehensive income		**537,480**		365,712
Income tax relating to components of other comprehensive income		**-**		-
Other comprehensive income for the period		**537,480**		365,712

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

	JAN-SEP/10			JAN-SEP/09		
	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount	Before-Tax Amount	Tax (Expense) Benefit	Net-of-Tax Amount
Available-for-sale financial assets	**1,852**	**-**	**1,852**	(1,349)	-	(1,349)
Exchange differences on translating foreign-denominated transactions	**1,835**	**-**	**1,835**	(1,839)	-	(1,839)
Share in movement in unrealized valuation gains on AFS investments of an associate	**628,636**	**-**	**628,636**	376,006	-	376,006
Share in movement in cumulative translation adjustments of associates	**(94,843)**	**-**	**(94,843)**	(7,106)	-	(7,106)
Other comprehensive income for the period	**537,480**	**-**	**537,480**	365,712	-	365,712

C. INVESTMENTS AND ADVANCES

	% OWNERSHIP 2010	SEP 2010	DEC 2009
Investments in shares of stock			
At equity			
Acquisition cost:			
Union Bank of the Philippines	40.91%	**5,154,421**	4,507,737
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.	55.18%	**657,368**	657,113
Manila Oslo Renewable Enterprise, Inc.	83.33%	**8,600,766**	7,658,087
East Asia Utilities Corporation	50.00%	**1,009,143**	1,009,143
STEAG State Power Inc.	34.00%	**4,400,611**	4,400,611
Redondo Peninsula Energy Corporation	50.00%	**5,000**	5,000
Cebu Energy Development Corp.	44.00%	**2,438,621**	2,438,621
Adventenergy, Inc.	100.00%	**-**	625
City Savings Bank	40.64%	**208,649**	79,001
South Western Cement Corporation	20.00%	**28,995**	28,995
Luzon Hydro Corporation	50.00%	**1,048,251**	1,048,251
Cordillera Hydro Corporation	35.00%	**88**	88
SNAP-Pangasinan, Inc.	50.00%	**4,732**	4,732
Aboitiz Projects TS Corp.	50.00%	**1,888**	1,888
MCCP Philippines	33.00%	**16,500**	16,500
Hapag-Lloyd Philippines, Inc.	15.00%	**-**	1,800
Jade Ocean Ship Management, Inc.	50.00%	**3,600**	3,600
JAIB, Inc.	49.00%	**1,884**	1,884
Balance at end of period		**26,205,032**	24,488,191
Accumulated equity in net earnings:			
Balance, beginning of year		**12,238,895**	9,048,866
Share in net earnings for the year		**4,456,607**	4,321,679
Investments sold		**(3,094)**	-
Acquisition of minority interest		**-**	(5,969)
Cash dividends received		**(1,117,181)**	(1,125,681)
Balance, end of period		**15,575,226**	12,238,895
Gain on dilution		**1,014,136**	1,014,136
Share in net unrealized gains (losses) on available-for-sale securities & underwriting accounts of an associate		**563,902**	(64,734)
Share in cumulative translation adjustments of associates		**20,916**	115,759
		43,379,212	37,792,247
Allowance for impairment losses		**(28,995)**	(28,995)
Investments, at equity		**43,350,217**	37,763,252
Advances to investees		**948,677**	805,170
		44,298,894	**38,568,422**

D. ACCOUNTS PAYABLE & ACCRUED EXPENSES

Trade	4,140,382
DOSRI	-
Others	8,048,983
TOTAL	**12,189,365**

E. SHORT-TERM LOANS

	Effective Interest Rate	SEP 2010	DEC 2009
Financial institutions - unsecured:			
Peso loans	4% - 7.92%	**3,630,604**	5,179,648
US dollar loans	4% - 4.5%	**107,506**	3,855,390
		3,738,110	9,035,038

F. LONG-TERM LOANS

	Effective Interest Rate	SEP 2010	DEC 2009
Company:			
Financial institutions - unsecured			
Peso denominated loans	5.18% - 9.19%	**4,100,000**	1,975,000
		4,100,000	1,975,000
Subsidiaries:			
ATSC and subsidiaries			
Financial institutions - secured:			
Peso loans	8.55%	**1,976,741**	-
		1,976,741	-
AP and subsidiaries:			
AP Parent			
Financial and non-institutions - unsecured			
Fixed rate notes	8.78%	**3,330,000**	3,336,246
Fixed rate notes	9.33%	**554,400**	548,153
Fixed rate notes	8.23%	**5,000,000**	5,000,000
Retail Bonds			
5 year bonds	8.70%	**2,294,420**	2,294,420
3 year bonds	8.00%	**705,580**	705,580
CPPC			
Financial institution	6.68%-6.71%	**693,333**	-
HEDCOR, INC.			
Financial institution - secured	8.36%	**549,100**	613,700
HEDCOR SIBULAN, INC.			
Financial institutions - secured	8.52%	**3,570,000**	3,570,000
SEZC			
Financial institution - secured	8.26% - 10.02%	**315,954**	331,454
BEZC			
Financial institution - secured	7.50%	**70,000**	-
		17,082,787	16,399,553
Less deferred financing costs		**128,376**	147,018
		16,954,411	16,252,535
PILMICO and subsidiary:			
PILMICO			
Financial institutions - secured	5.58% - 7.75%	**359,167**	506,667
PANC			
Financial institution - secured	7.22%	**175,000**	212,500
		534,167	719,167
Total		**23,565,319**	18,946,702
Less: Current portion		**1,529,353**	722,867
		22,035,966	18,223,835

G. DEBT SECURITIES

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

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

H. EARNINGS PER SHARE

Earnings per common share amounts were computed as follows:

	SEP 2010	SEP 2009
a. Net income attributable to equity holders of the parent	**16,838,823**	5,873,148
b. Average number of outstanding shares	**5,521,871,821**	5,574,942,121
c. Earnings per share (a/b)	**3.049**	1.053

I. BUSINESS SEGMENT INFORMATION

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

	Power		Financial Services		Food Manufacturing		Transport Services		Parent Company and Others		Eliminations		Consolidated	
	Jan-Sep 2010	Jan-Sep 2009	**Jan-Sep 2010**	Jan-Sep 2009	**Jan-Sep 2010**	Jan-Sep 2009	**Jan-Sep 2010**	Jan-Sep 2009	**Jan-Sep 2010**	Jan-Sep 2009	**Jan-Sep 2010**	Jan-Sep 2009	**Jan-Sep 2010**	Jan-Sep 2009
REVENUES	**45,897,201**	13,818,320	**-**	-	**9,452,409**	8,177,384	**9,560,934**	8,666,661	**423,228**	354,227	**(140,233)**	(100,634)	**65,193,539**	30,915,958
RESULT														
Segment results	**20,203,107**	3,100,315	**-**	-	**1,663,802**	968,257	**(539,283)**	512,938	**92,431**	88,221	**13,719**	4,529	**21,433,775**	4,674,259
Unallocated corporate income (expenses)	**1,381,861**	291,363	**-**	-	**8,525**	10,171	**16,311**	116,097	**105,954**	715,514	**(13,719)**	(4,529)	**1,498,932**	1,128,616
													22,932,707	5,802,876
Interest Expense & Dividends on Redeemable Preferred	**(4,906,292)**	(1,331,363)	**-**	-	**(46,533)**	(37,043)	**(163,549)**	(71,099)	**(287,434)**	(265,750)	**-**	-	**(5,403,808)**	(1,705,255)
Interest Income	**99,096**	375,969	**-**	-	**2,864**	4,407	**12,969**	24,451	**38,123**	57,623	**-**	-	**153,052**	462,450
Share in net earnings of associates	**2,539,385**	1,766,414	**1,878,945**	1,367,784	**-**	-	**42,130**	36,438	**15,036,802**	3,961,838	**(15,040,656)**	(3,962,686)	**4,456,607**	3,169,788
Provision for Income tax	**(703,007)**	(347,053)	**-**	-	**(387,555)**	(211,745)	**198,252**	(134,006)	**(19,011)**	(40,373)	**-**	-	**(911,321)**	(733,177)
NET INCOME													**21,227,236**	6,996,681
OTHER INFORMATION	**Sep 2010**	Dec 2009	**Sep 2010**	Dec 2009	**Sep 2010**	Dec 2009	**Sep 2010**	Dec 2009	**Sep 2010**	Dec 2009	**Sep 2010**	Dec 2009	**Sep 2010**	Dec 2009
Segment assets	**20,506,439**	9,915,103	**-**	-	**3,888,049**	3,035,263	**4,885,708**	4,799,883	**490,730**	819,958	**(58,248)**	(165,509)	**29,712,677**	18,404,698
Investments and advances	**27,848,612**	24,896,238	**16,206,025**	13,467,608	**-**	-	**117,743**	74,208	**46,914,645**	34,106,955	**(46,788,131)**	(33,976,587)	**44,298,894**	38,568,422
Unallocated corporate assets	**77,838,860**	76,635,313	**-**	-	**2,344,388**	2,281,180	**8,616,380**	5,747,905	**1,135,781**	1,082,976	**560,314**	560,315	**90,495,723**	86,307,689
Consolidated total assets													**164,507,295**	143,280,808
Segment liabilities	**74,155,786**	75,862,419	**-**	-	**2,985,601**	2,863,846	**8,831,950**	5,427,097	**4,779,046**	4,066,398	**(27,786)**	(137,020)	**90,724,597**	88,082,740
Unallocated corporate liabilities	**656,402**	431,372	**-**	-	**109,465**	81,329	**81,087**	35,327	**21,634**	7,829	**-**	-	**868,588**	555,857
Consolidated total liabilities													**91,593,185**	88,638,597
	Jan-Sep 2010	Jan-Sep 2009	**Jan-Sep 2010**	Jan-Sep 2009	**Jan-Sep 2010**	Jan-Sep 2009	**Jan-Sep 2010**	Jan-Sep 2009	**Jan-Sep 2010**	Jan-Sep 2009	**Jan-Sep 2010**	Jan-Sep 2009	**Jan-Sep 2010**	Jan-Sep 2009
Depreciation	**2,180,284**	708,828	**-**	-	**141,726**	117,514	**927,057**	782,022	**58,141**	48,322	**-**	-	**3,307,209**	1,656,687

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, 2010, 5.71% of the Group's long-term debt had floating interest rates ranging from 5.18% to 9.0%, and 94.29% are with fixed rates ranging from 6.75% to 10.02%. As of December 31, 2009, 5.43% of the Group's long-term debt had floating interest rates ranging from 4.2% to 9.0%, and 94.57% are with fixed rates ranging from 6.75% to 10.02%.

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, 2010

	< 1 year	**1 - 5 years**	**> 5 years**	**Total**
Floating rate - long-term debt	823,333	488,000	-	**1,311,333**
Fixed rate - long-term debt	706,020	18,362,177	3,185,789	**22,253,986**
Payable to preferred shareholders of a subsidiary - floating	10,348	61,467	-	**71,815**
Redeemable preferred shares - fixed	-	1,520,176	-	**1,520,176**
Obligations under finance lease - floating	1,832	55,986	-	**57,818**
	1,541,533	20,487,806	3,185,789	**25,215,128**

As of December 31, 2009

	< 1 year	1 - 5 years	> 5 years	Total
Floating rate - long-term debt	383,000	616,000	-	999,000
Fixed rate - long-term debt	339,866	14,128,162	3,479,674	17,947,702
Financial institutions - unsecured	11,263	76,767		88,030
Redeemable preferred shares - fixed		1,520,176		1,520,176
Obligations under finance lease - floating	6,222	25,346		31,568
	740,351	16,366,451	3,479,674	20,586,476

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

Interest expenses recognized during the comparative periods are as follows:

	SEP 2010	SEP 2009
Long term debt	**1,180,726**	1,313,003
Bank loans	**272,247**	202,734
Customers' deposits	**4,342**	4,253
Obligations under finance lease	**3,817,393**	4,815
Obligations on PDS	**26,324**	26,733
Advances from related parties	**8,152**	30,243
	5,309,184	1,581,781

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) as of September 30, 2010 and 2009:

	Increase/decrease in basis points	Effect on income before tax
Sep 2010	100	(10,778)
	(50)	5,389
Sep 2009	100	(13,416)
	(50)	6,708

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, 2010 and December 31, 2009, foreign currency denominated borrowings account for 32.0% and 37.2%, respectively, of total consolidated borrowings.

	SEPTEMBER 30, 2010		DECEMBER 31, 2009	
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Current Financial Assets				
Cash and cash equivalents	**11,213**	**492,014**	13,090	604,773
Trade and other receivables	**20,613**	**904,498**	7,420	342,804
Amounts owed by related parties	**4,325**	**189,776**	2,636	121,783
Restricted Cash	**12,130**	**532,281**	12,130	560,423
Total Financial Assets	**48,281**	**2,118,569**	35,277	1,629,783
	US Dollar	**Peso Equivalent**	US Dollar	Peso Equivalent
Current Financial Liabilities				
Bank loans	**5,750**	**252,310**	83,450	3,855,390
Trade and other payables	**12,768**	**560,260**	16,494	762,023
Advances from shipping principals	**499**	**21,896**	212	9,794
Amounts owed to a related party	**2,190**	**96,097**	607	28,043
Obligations under finance lease	**553,828**	**24,301,976**	522,138	24,122,776
Total Financial Liabilities	**575,035**	**25,232,539**	622,901	28,778,026
Net foreign currency denominated assets (liabilities)	**(526,754)**	**(23,113,970)**	(587,624)	(27,148,243)

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, 2010.

	Increase (decrease) in US dollar rate	Effect on income before income tax
US dollar denominated accounts	5%	(1,155,698)
US dollar denominated accounts	-5%	1,155,698

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

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

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, 2010 and December 31, 2009, 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. The Group maintains sufficient cash and cash equivalents to finance its operations. Any excess cash is invested in short-term money market placements. These placements are maintained to meet maturing obligations and pay dividend declarations. The Group, in general, matches the appropriate long-term funding instruments with the general nature of its equity investments.

In managing its long-term financial requirements, the Group's policy is that not more than 25% of long-term borrowings should mature in any twelve-month period. As of September 30, 2010 and December 31, 2009, the portion of the total long-term debt that debt will mature in less than one year is 9.97% and 3.31%, respectively. For its short-term funding, the Group's policy is to ensure that there are sufficient working capital inflows to match repayments of short-term debt.

The following table summarizes the maturity profile of the Group's financial liabilities as of September 30, 2010 based on contractual undiscounted principal payments (amounts in thousands):

		Contractual undiscounted principal payments				
	Total Carrying Value	**Total**	On demand	Less than 1 year	1 to 5 years	> 5 years
Bank loans	**3,738,110**	**3,738,110**	–	3,738,110	–	–
Long-term debt	**23,565,319**	**23,565,319**	–	1,529,353	18,850,177	3,185,789
Customers' deposits	**1,956,592**	**1,956,592**	–		28,433	1,928,159
Trade and other payables	**12,189,365**	**12,189,365**	–	12,189,365	–	–
Obligations under finance lease	**47,356,472**	**115,659,544**	–	1,455,989	23,059,291	91,144,264
Obligations on power distribution system	**313,784**	**720,000**	–	40,000	200,000	480,000
Payable to preferred shareholder of a subsidiary	**71,815**	**93,210**	–	31,070	62,140	-
Redeemable preferred shares	**1,520,176**	**1,520,176**	–	-	1,520,176	-
Total	**90,711,633**	**159,442,316**	**-**	**18,983,887**	**43,720,217**	**96,738,212**

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the periods ended September 30, 2010 and December 31, 2009.

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, 2010 and December 31, 2009 are as follows:

	SEP 2010	DEC 2009
Bank Loans	**3,738,110**	9,035,038
Long - term debt	**72,513,782**	66,172,640
Temporary advances from (to) related parties	**(1,099,527)**	47,635
Cash and cash equivalents	**(12,118,401)**	(5,582,228)
Net Debt (a)	**63,033,964**	69,673,085
Equity attributable to equity holders of the parent	**72,914,110**	54,642,211
Equity and Net Debt (b)	**135,948,074**	124,315,296
Gearing Ratio (a/b)	**46.37%**	56.05%

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, 2010		DECEMBER 31, 2009	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets				
Cash				
Cash and cash equivalents	**12,118,401**	**12,118,401**	5,582,228	5,582,228
Restricted Cash	**560,423**	**560,423**	560,423	560,423
Loans and receivables				
Trade and other receivables	**10,975,504**	**10,975,504**	7,634,836	7,634,836
	23,654,328	**23,654,328**	13,777,487	13,777,487
AFS				
AFS investments	**94,906**	**94,906**	84,935	84,935
Derivative Asset	**-**	**-**	846	846
Total	**23,749,234**	**23,749,234**	13,863,268	13,863,268

	SEPTEMBER 30, 2010		DECEMBER 31, 2009	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial liabilities				
Other financial liabilities				
Bank loans	**3,738,110**	**3,738,110**	9,035,038	9,035,038
Trade and other payables	**12,189,365**	**12,189,365**	10,745,734	10,745,734
Derivative liability	**4,631**	**4,631**	16,476	16,476
Customers' deposits	**1,956,592**	**1,956,592**	1,786,681	1,786,681
Obligations on power distribution system	**313,784**	**318,140**	287,460	291,816
Obligations under finance leases				
Fixed rate	**47,298,654**	**54,659,444**	45,586,164	52,946,955
Floating rate	**57,818**	**57,818**	31,568	31,568
Long-term debt				
Fixed rate	**22,253,986**	**23,553,352**	17,947,702	19,157,644
Floating rate	**1,311,333**	**1,311,333**	999,000	999,000
Payable to preferred shareholder of a subsidiary (floating rate)	**71,815**	**71,815**	88,030	88,030
Redeemable preferred shares				
Fixed rate	**1,520,176**	**1,562,367**	1,520,176	1,562,837
Total	**90,716,264**	**99,422,967**	**88,044,029**	**96,661,779**

As of September 30, 2010 and December 31, 2009, 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

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

Customers' deposits

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

Redeemable preferred shares

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

AFS investments

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

Obligations under Power Distribution System

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

L. DISCLOSURES

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

Basis of Preparation

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

Statement of Compliance

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

Changes in Accounting Policies

The accounting policies followed in the preparation of the interim financial statements are consistent with those of the previous financial year except for the following amended PFRS which the Group has adopted starting January 1, 2010:

Revised PFRS 3, *Business Combinations* , and Amendments to PAS 27, *Consolidated and Separate Financial Statements*

PFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after this date. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. These changes will impact the amount of goodwill recognized, the reported results in the period that an acquisition occurs and future reported results. PAS 27 (Amended) requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes in PFRS 3 (Revised) and PAS 27 (Amended) will affect future acquisitions or loss of control of subsidiaries and transactions with non-controlling interests. PFRS 3 (Revised) will be applied prospectively \

The provisions of the revised PFRS 3 will be complied with in the step acquisitions to be made by parent company in 2010. The revisions made under PAS 27 have no significant impact on the Group as its current manner of accounting for changes in its ownership interest of subsidiaries is already in compliance with this new accounting standard.

Amendments to PFRS 2, *Share-based Payments - Group Cash-settled Share-based Payment Transactions*

The amendments to PFRS 2, Share-based Payments, clarify the scope and the accounting for group cash-settled share-based payment transactions. The Group has concluded that the amendment will have no impact on the financial position or performance of the Group as the Group has not entered into any such share-based payment transactions.

Amendment to PAS 39, *Financial Instruments: Recognition and Measurement - Eligible Hedged Items*

The amendment to PAS 39, Financial Instruments: Recognition and Measurement clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. The Group has concluded that the amendment will have no significant impact on the financial position or performance of the Group.

Philippine Interpretations IFRIC 17, *Distributions of Non-Cash Assets to Owners*

This Interpretation provides guidance on how to account for non-cash distributions to owners. It clarifies when to recognize a liability, how to measure it and the associated assets, and when to derecognize the asset and liability. The Group does not expect the Interpretation to have an impact on the consolidated financial statements.

Improvement to PFRS Effective 2010

The omnibus amendments to PFRS issued in 2009 were issued primarily with a view to removing inconsistencies and clarifying wording. The amendments are effective for annual periods beginning on or after January 1, 2010 except otherwise stated. The Group anticipates that these changes will have no material effect on the consolidated financial statements.

· PFRS 2, *Share-based Payments*

Clarifies that the contribution of a business on formation of a joint venture and combinations under common control are not within the scope of PFRS 2 even though they are out of scope of PFRS 3, Business Combinations (Revised).

· PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*

Clarifies that the disclosures required with respect to noncurrent assets and disposal groups classified as held for sale or discontinued operations are only those set out in PFRS 5. The disclosure requirements of other PFRS only apply if specifically required for such noncurrent assets or discontinued operations.

· PFRS 8, *Operating Segments*

Clarifies that segment assets and liabilities need only be reported when those assets and liabilities are included in measures that are used by the chief operating decision maker.

· PAS 1, *Presentation of Financial Statements*

Clarifies that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification.

· PAS 7, *Cash Flow Statements*

Explicitly states that only expenditure that results in a recognized asset can be classified as a cash flow from investing activities.

· PAS 17, *Leases*

Removes the specific guidance on classifying land as a lease. Prior to the amendment, leases of land were classified as operating leases. The amendment now requires that leases of land are classified as either “finance” or “operating” in accordance with the general principles of PAS 17. The amendments will be applied retrospectively.

· PAS 36, *Impairment of Assets PFRS 2, Share-based Payments*

Clarifies that the largest unit permitted for allocating goodwill, acquired in a business combination, is the operating segment as defined in PFRS 8 before aggregation for reporting purposes.

· PAS 38, *Intangible Assets*

Clarifies that if an intangible asset acquired in a business combination is identifiable only with another intangible asset, the acquirer may recognize the group of intangible assets as a single asset provided the individual assets have similar useful lives. Also clarifies that the valuation techniques presented for determining the fair value of intangible assets acquired in a business combination that are not traded in active markets are only examples and are not restrictive on the methods that can be used.

· PAS 39, *Financial Instruments: Recognition and Measurement*

Clarifies that a prepayment option is considered closely related to the host contract when the exercise price of a prepayment option reimburses the lender up to the approximate present value of lost interest for the remaining term of the host contract;

The scope exemption for contracts between an acquirer and a vendor in a business combination to buy or sell an acquiree at a future date applies only to binding forward contracts, and not derivative contracts where further actions by either party are still to be taken; and

Gains or losses on cash flow hedges of a forecast transaction that subsequently results in the recognition of a financial instrument or on cash flow hedges of recognized financial instruments should be reclassified in the period that the hedged forecast cash flows affect comprehensive income.

· Philippine Interpretation IFRIC 9, *Reassessment of Embedded Derivatives*

Clarifies that it does not apply to possible reassessment at the date of acquisition, to embedded derivatives in contracts acquired in a business combination between entities or businesses under common control or the formation of joint venture.

· Philippine Interpretation IFRIC 16, *Hedges of a Net Investment in a Foreign Operation*

States that, in a hedge of a net investment in a foreign operation, qualifying hedging instruments may be held by any entity or entities within the group, including the foreign operation itself, as long as the designation, documentation and effectiveness requirements of PAS 39 that relate to a net investment hedge are satisfied.

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. <u>AEV Dividend Declaration and Proposal to Acquire CSB</u>

On March 10, 2010, the BOD of the Company approved the declaration of a cash dividend of P0.52 a share (P=2.871 billion) to all stockholders of record as of March 24, 2010, payable on April 16, 2010.

In the same meeting, the BOD of the Company approved a proposal to acquire up to 60% ownership of its associate, CSB. PILMICO will also acquire the remaining 40% of the CSB equity. The planned acquisition, which is conditional upon the Company's obtaining the necessary Monetary Board approval, will effectively convert CSB into a subsidiary of the Company.

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

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

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

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

4. Material Adjustments

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

5. Contingencies

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

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

ABOITIZ EQUITY VENTURES, INC. & SUBSIDIARIES

AGING OF RECEIVABLES

AS OF : SEP 30/2010

(amts in P000's)

	30 Days	60 Days	90 Days	Over 90 Days	Total
Trade Receivables					
Transport Services	2,159,571	84,191	25,846	188,533	2,458,141
Power	4,933,262	173,333	693,067	1,065,272	6,864,934
Food Manufacturing	869,868	5,614	5,428	34,760	915,670
Holding and Others	5,433	9,484	2,470	6,047	23,434
	7,968,134	**272,622**	**726,811**	**1,294,612**	**10,262,179**
Insurance and Other Claims	14,318	2,541	366	107,411	124,636
Related Parties	108,762	7,108	28,485	155,268	299,623
Others	387,621	150,994	32,591	354,735	925,941
	8,478,835	**433,265**	**788,253**	**1,912,026**	**11,612,379**
Less Allowance for Doubtful Accounts					**636,875**
					10,975,504

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