COVER SHEET

C E 0 2 5 3 6

S.E.C. Registration Number

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

(Company's Full Name)

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

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

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

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

LEAH I. GERALDEZ	(032) 231-2580 LOC 310
Contact Person	Company Telephone Number

3rd Quarter Report

1 2 / 3 1	1 7 - Q	
Month *Day*	FORM TYPE	*Month* *Day*
Fiscal Year		Annual Meeting

Secondary License Type, if Applicable

S E C	
Dept. Requiring this Doc	Amended Articles Number/Section

	x	
Total No. of Stockholders	Domestic	Foreign

- -

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

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S T A M P S

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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, 2006**

2. Commission identification number **CEO2536**

3. BIR Tax Identification No. **003-828-269-V**

4. Exact name of issuer as specified in its charter

   ABOITIZ EQUITY VENTURES, INC.

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

   Cebu City, Philippines

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

7. Address of issuer's principal office   Postal Code

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

8. Issuer's telephone number, including area code

   (032) 2312580

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

   N.A.

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

Title of each Class	Number of shares of common stock outstanding and amount of debt outstanding
Common stock, P1.00 par value	**4,950,087,683**
Total debt	**P16,764,577,089**

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

    Yes [**x**] No [ ]

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

    Philippine Stock Exchange   **Common**

12. Indicate by check mark whether the registrant:

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

Yes [**x**] No [ ]

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

Yes [**x**] No [ ]

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

Please refer to the financial statements and schedules attached herewith

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

Top Five Key Performance Indicators

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

1. **Equity in Net Earnings (Losses) of Investees.** This represents the group's share in the undistributed earnings or losses of its investees for each reporting period after the acquisition of said investments, net of amortization of goodwill, if any. Goodwill is the difference between purchase price of investment and investor's share in the value of the net assets of investee at the date of acquisition. Equity in net earnings (losses) of investees indicates the profitability of the investments and the investees' contribution to the group's net income.

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

2. **Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA**). EBITDA is calculated as net income before minority interest, net interest expense, income tax expense, amortization and depreciation. It provides management and investors with a tool for determining the ability of the group to generate cash from operations to cover financial charges and income taxes. It is also a measure to evaluate the group's ability to service its debts.

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

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

5. **Debt–to–Equity Ratio.** This gives an indication of how leveraged the group is. It compares assets provided by creditors to assets provided by shareholders. It is determined by dividing total debt by stockholders' equity.

	SEPT 30/2006	**SEPT 30/2005** As restated *	**DEC 31/2005**
EQUITY IN NET EARNINGS OF INVESTEES	**1,573,691**	1,828,053	
EBITDA	**4,693,904**	5,121,153	
CASH FLOW GENERATED:			
Net cash provided by operating activities	**1,482,771**	2,396,298	
Net cash used in investing activities	**(113,401)**	(627,985)	
Net cash used in financing activities	**(1,085,323)**	(3,026,135)	
Net Increase (Decrease) in Cash & Cash Equivalents	**174,448**	(1,265,017)	
Cash & Cash Equivalent, Beginning	**4,622,676**	4,567,791	
Cash & Cash Equivalent, End	**4,797,124**	3,302,774	
CURRENT RATIO	**1.77**	1.27	1.29
DEBT-TO-EQUITY RATIO	**0.79**	0.84	0.84

** Figures were restated as a result of the full adoption of PFRS and the reorganization of the Transport Group.*

All the key performance indicators were well within expected levels during the first nine months of this year. The decrease in equity earnings was anticipated due to the projected decline in earnings of Luzon Hydro Corporation (LHC) this year mainly as a result of lower revenues brought about by the drop in capacity fee rates as provided for in its contract with the National Power Corporation (NPC). It was also expected that the increase in fuel costs and decrease in revenues as a result of stiffer competition would put a squeeze on the operating margins of Aboitiz Transport System Corporation (ATSC), resulting in a lower EBITDA for the whole AEV group this year.

Inspite of the lackluster performance of the transport group, it consistently generated positive cash inflows, which are utilized to further bring down its debt.

Despite the challenging economic environment, the group continues to manage its cashflows and operations effectively. Thus, as in the previous years, financial ratios are anticipated to remain robust in 2006.

Financial Results of Operations

Gross profit for the first nine months of 2006 reduced by 6% as compared to the same period last year. This was mainly due to the substantial decline in the gross margins of ATSC, which completely offset the increase posted by majority of the other subsidiaries. The decrease in ATSC's margins was attributed to the 8.6% drop in revenues brought about by the decline in its international charter business and the reduction in its domestic fleet capacity. The high cost of fuel also contributed to the squeeze in margins.

The power group provided the largest part of income contribution with P1.622 billion or 61% of the total, followed by the banking group, which contributed P680 million or 25%, and food manufacturing with P350 million or 13%. The transport group on the other hand had a net loss contribution of P275 million for the period. AEV's portfolio investments provided the remaining P18 million of income contribution.

EBITDA for the first three quarters of 2006 went down by 8% to P4.694 billion compared to P5.121 billion in 2005.

Material Changes in Line Items of Registrant's Income Statement

Share in net earnings of associates was down 14% largely due to the decrease in income contributions by LHC and Union Bank of the Philippines (UBP). The decline in LHC net income was brought about by lower revenues due to lesser number of days in downtime billings in 2006 compared to that of last year and to the decrease in capacity fee rates based on agreed tariff structure provided for under its contract with NPC. The integration costs incurred in the purchase of International Exchange Bank (iBank) and lower interest margins accounted for the decrease in UBP's income contribution.

Other income dropped by 47% mainly due to the lower gain generated by ATSC on its sale of a tied-up vessel as compared to that of the same period last year and to the higher unrealized foreign exchange (FX) losses. The further appreciation of the peso in September 2006 resulted in valuation losses when foreign denominated funds were marked to market.

The overall decline in consolidated bottom line was partially offset by the 37% increase in interest income, coupled with a 9% reduction in interest expense. Higher fund holdings at parent level and decrease in average debt level and interest rates accounted for this improvement.

Changes in Registrant's Resources, Liabilities and Shareholders Equity

Compared to year–end 2005 levels, consolidated assets slightly increased by 5% (from P38.2 billion to P39.1 billion). This increase was mainly due to the following:

- Cash & Cash Equivalents - up 4% (P4.80 billion vs P4.62 billion) mainly due to the higher fund holdings generated from the remaining proceeds of the P2.7B long-term loan availed of by the parent company in March and June 2006, and to additional cash dividends received from investees.
- Trade and Other Receivables - up 12% (P3.77 billion vs P3.37 billion) largely due to higher trade receivables which correspondingly rose in consonance with the growth in revenues of AEV Parent and the food group.
- Inventories - grew by 10% (P1.69 billion vs P1.53 billion) due to higher wheat inventory carried by Pilmico Foods Corporation (Pilmico) in 2006.
- Other Current Assets - increased by 26% (P942 million vs P746 million) due to interim build up of prepaid expenses and taxes during the first nine months of 2006, as compared to year-end 2005 level. As of December 2005, prepaid expenses had been fully charged to P&L while prepaid taxes had been substantially applied against resulting 2005 income tax payable.
- Deferred Income Tax Assets - increased by 48% (P469 million vs P317 million) mainly due to higher provisions for doubtful accounts, which required the set up of additional deferred income tax benefits, with Deferred Income Tax Assets as contra-account.

Consolidated bank and long-term liabilities decreased by 5% compared to 2005 year-end level, mainly due to prepayment of debt. ATSC alone was able to reduce its debt by P498 million. In spite of the poor operating results during the current period, this transport subsidiary generated positive cash flow, which was used to pay off its obligations. Likewise, the other subsidiaries also paid their loan amortization dues using internally-generated funds.

Accounts payable & other current liabilities were higher by 7% primarily due to the increase in trade payables and accrued expenses of the transport and food groups and higher income tax payable. Customer deposits grew by 8% due to the increase in the power distribution group's customer base.

Equity attributable to equity holders of the parent increased by 5%, from P20.1 billion in 2005 to P21.2 billion in 2006, substantially due to the growth in retained earnings and the sale of treasury shares. This increase was partially offset by the decrease in the group's share in unrealized valuation losses on AFS investments and underwriting accounts of its banking associate and in cumulative translation adjustments of its power generating associates.
During the first nine months of 2006, the Group continued to deliver a positive operating performance generating P2.410 billion in net income, which resulted in a 12% increase in retained earnings, despite the P736 million cash dividend distribution.

Share in unrealized gains (losses) on AFS investments and underwriting accounts declined by P640 million. The drop in the market prices of these financial instruments as of September 2006 resulted to a P762 million share in valuation losses, reversing the P122 million share in gains as of yearend 2005.

The 40% decline in share in cumulative translation adjustments of associates was due to the further appreciation of the Philippine Peso in September 2006, from P53.062 as of Dec 31, 2005 to P50.249 as of end of the current period. The power generating associates, which are under the US dollar functional currency financial reporting, recorded substantial foreign exchange adjustments in preparing their September 2006 financial statements under the peso presentation currency. These foreign exchange adjustments are booked under Cumulative Translation Adjustments account.

Material Changes in Liquidity and Cash Reserves of Registrant

Consolidated cash generated from operating activities decreased by 43%, from P2.40B in 2005 to P1.48B in 2006. As compared to last year, more funds were used in purchasing inventory and in paying trade payables during the current period.

Net cash used in investing activities declined by P514 million, mainly due to higher cash dividends received from associates and lower capital expenditures in 2006.

Net cash used in financing activities dropped by 64% primarily due to higher loan payments made and cash dividends distributed during the current period.

For the first nine months of 2006, net cash inflows were higher than cash outflows, resulting to a 4% increase in cash and cash equivalents, from P4.62 billion in December 2005 to P4.80 billion in September 2006.

The 21% decrease in current liabilities resulting from payment of short-term borrowings and loan amortization dues, coupled with a 9% increase in current assets, accounted for the improvement in current ratio, from 1.29:1 as of yearend 2005 to 1.77:1 as of September 2006. Likewise, net debt-to-equity decreased from 0.38:1 as of Dec 2005 to 0.32:1 as of Sept 2006 while debt-to-equity ratio stood at 0.79:1.

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

While there are some areas of concern regarding the country's overall business situation, AEV is optimistic that 2006 will bring more opportunities for further growth to the Group. This view is based on a number of industry specific developments that will affect how well AEV's investee companies perform in the current year. These developments are as follows:

Power Industry (Generation Sector)

With the consolidation of its operating companies into HEDCOR, Inc. it is expected that the hydro generation group will be in a position to aggressively pursue opportunities from the privatisation of NPC's hydropower generation assets, as well as develop its own new hydropower projects in 2006.

Power Industry (Distribution Sector)

All of the distribution utilities are expected to carry on their solid performance from 2005. Specifically Davao Light and Power Co., Inc. (DLPC) will continue to lead the group in income contribution and operating efficiency. Likewise, it is anticipated that the Visayan Electric Company, Inc. (VECO), with the system and operating changes it has established over the past couple of years, will generate a larger portion of the Group's income in the coming year. San Fernando Electric Light and Power Co. Inc. (SFELAPCO) will continue to enjoy sales and volume growth from its acquisition in 2004 of additional distribution franchise and service area (i.e. from Manson Corp. covering the area of Floridablanca in Pampanga).

Financial Services

With its recent acquisition of International Exchange Bank, UBP is expected to more than sustain their robust performance of the preceding year into 2006. UBP foresees that growth in liquidity, specially with its handling nationwide of the GSIS e-cards for government employees, will drive its earnings potential for the year. A better trading environment is also expected for UBP's large portfolio of securities.

As in most of AEV's other businesses, the financial services companies are among the leaders in operating cost efficiency in their respective markets.

Food Manufacturing

The current high prices of oil and fuel products might have a ripple effect on consumer demand for an industry already marked by high material costs (i.e. high cost of imported wheat, and freight). However, given management's focus to be a low cost producer, Pilmico is well positioned in terms of inventory and contracted supplies to ride out and even benefit from the current market condition. Furthermore, its feed and yeast subsidiaries have done well in 2005 and are expected to continue doing so in the coming year. And as such, Pilmico projects another robust performance in 2006.

Transport

ATSC had a challenging year in 2005 and in view of the high current high level of oil prices, the company will continue to see pressure on margins in 2006. The high oil prices have pushed up fuel costs, a major component of the company's operating expenses. Security related costs were also high last year, but insurance premiums have started to come down significantly, because of the risk management initiatives the company has taken.

However, with the consolidation of its various transport and logistic businesses in 2005, ATSC is in better position to optimize its operational efficiencies and better weather the poor business environment. For 2006, ATSC will continue its various initiatives to remain as the premier transport company in the Philippines.

ATSC will also continue to focus on increasing its overall efficiency through proper utilization, optimization, and upgrade of its existing vessels. Finally, ATSC will continue to undertake investments in various software application systems for both its front line services and back room support.

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

Except for the developments as already disclosed in this report, there are, as of June 30, 2006, no known trends, events or uncertainties that have had or are reasonably expected to have a material impact on net sales, revenues, income from continuing operations or on relationship between costs and revenues.

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	November 20, 2006
Corporate Secretary	M. Jasmine S. Oporto
Signature and Title	First Vice President - Legal / Corporate Secretary
Date	November 20, 2006

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
AT SEPTEMBER 30, 2006 AND DECEMBER 31, 2005
(Amounts in Thousands)

	UNAUDITED SEP 2006	AUDITED DEC 2005
ASSETS		
Current Assets		
Cash and cash equivalents	**4,797,125**	4,622,676
Trade and other receivables - net	**3,765,763**	3,367,854
Inventories - net	**1,691,912**	1,535,480
Other current assets	**941,697**	745,570
Total Current Assets	**11,196,497**	10,271,580
Noncurrent Assets		
Property, plant, and equipment - net	**11,130,286**	11,392,102
Investment properties	**188,942**	203,162
Investments and advances	**14,498,385**	14,504,621
Available-for-sale (AFS) investments	**148,994**	149,835
Goodwill	**784,784**	784,883
Pension Asset	**44,415**	45,414
Deferred income tax assets	**469,031**	317,185
Other noncurrent assets - net	**591,875**	573,924
Total Noncurrent Assets	**27,856,712**	27,971,126
TOTAL ASSETS	**39,053,209**	38,242,706
LIABILITIES AND EQUITY		
Current Liabilities		
Bank loans	**370,022**	1,299,353
Trade and other payables	**4,769,841**	4,595,416
Dividends payable	**12,847**	16,147
Income tax payable	**297,828**	142,103
Current portion of long-term debt	**727,326**	1,756,246
Current portion of obligations under finance lease	**130,030**	140,393
Total Current Liabilities	**6,307,894**	7,949,658
Noncurrent Liabilities		
Long-term debt - net of current portion	**7,313,142**	5,810,786
Obligations under finance lease - net of current portion	**109,148**	210,490
Customers' deposits	**1,102,774**	1,016,253
Redeemable preferred shares	**1,886,940**	1,886,940
Pension liability	**24,322**	40,863
Deferred income tax liability	**20,357**	21,253
Total Noncurrent Liabilities	**10,456,683**	8,986,585
Total Liabilities	**16,764,577**	16,936,243
Equity Attributable to Equity Holders of the Parent		
Capital stock	**5,694,600**	5,694,600
Additional paid-in capital	**1,334,912**	1,201,051
Net unrealized gains on AFS investments	**9,895**	1,656
Cumulative translation adjustments	**(2,738)**	(2,097)
Share in cumulative translation adjustments of associates	**270,305**	452,617
Share in net unrealized gains (losses) on AFS investments and underwriting accounts of associates	**(518,105)**	122,290
Retained earnings	**15,899,849**	14,234,479
Treasury stock at cost	**(1,489,025)**	(1,576,463)
	21,199,693	20,128,133
Minority Interests	**1,088,939**	1,178,330
Total Equity	**22,288,632**	21,306,463
TOTAL LIABILITIES AND EQUITY	**39,053,209**	38,242,706

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
FOR THE PERIODS ENDED SEPTEMBER 30, 2006 AND 2005
(Amounts in Thousands)
(UNAUDITED)

	JAN-SEP/06	RESTATED JAN-SEP/05	JUL-SEP/06	RESTATED JUL-SEP/05
REVENUES	**20,844,527**	20,643,120	**6,997,189**	6,670,986
COSTS AND EXPENSES	**19,142,464**	18,863,764	**6,516,797**	6,204,920
GROSS PROFIT	**1,702,063**	1,779,356	**480,392**	466,066
OTHER INCOME (CHARGES)				
Share in net earnings of associates	**1,573,691**	1,828,053	**641,888**	702,749
Interest income	**237,274**	173,077	**89,049**	54,115
Interest expense	**(841,469)**	(928,495)	**(279,071)**	(275,773)
Other income (charges)	**99,910**	187,461	**(35,858)**	34,999
	1,069,406	1,260,096	**416,008**	516,090
INCOME BEFORE INCOME TAX	**2,771,469**	3,039,452	**896,400**	982,156
PROVISION FOR INCOME TAX	**456,468**	458,781	**125,884**	149,175
NET INCOME	**2,315,001**	2,580,671	**770,516**	832,981
ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE PARENT	**2,401,325**	2,562,062	**844,668**	902,718
MINORITY INTERESTS	**(86,324)**	18,609	**(74,152)**	(69,737)
	2,315,001	2,580,671	**770,516**	832,981
Earnings Per Common Share **				
Basic, for income for the period attributable to ordinary holders of the parent	**0.487**	0.529	**0.170**	0.184
Diluted, for income for the period attributable to ordinary holders of the parent	**0.487**	0.529	**0.170**	0.184

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

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE PERIODS ENDED SEPTEMBER 30, 2006 AND DECEMBER 31, 2005

	Attributable to equity holders of the parent										
	Capital Stock Common	**Preferred**	**Additional Paid-in Capital**	**Net Unrealized Gains (Losses) on Noncurrent Marketable Equity Securities and AFS Investments**	**Cumulative Translation Adjustments**	**Share in Cumulative Translation Adjustments of Associates**	**Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate**	**Retained Earnings**	**Treasury Stock**	**Minority Interests**	**Total**
Balances at December 31, 2004, as restated	**5,694,600**	**186,700**	**2,466,793**	**(1,024)**		**639,242**	**(383,473)**	**12,203,380**	**(1,710,084)**	**1,158,428**	**20,254,562**
Effects of adoption of PAS 39		(186,700)	(1,680,300)					(461,232)		(28,748)	(2,356,980)
Effects of reorganization of transport group			94,515					(70,199)		(10,037)	14,279
Sale of treasury shares			320,043						133,621		453,664
Net income for the year								3,159,132		58,361	3,217,493
Cash dividends								(596,602)			(596,602)
Movement of unrealized valuation gains of AFS investments				2,680						985	3,665
Share in unrealized valuation gains on AFS investments of associates							505,763				505,763
Movement of cumulative translation adjustments					(2,097)					(659)	(2,756)
Share in movement of cumulative translation adjustment of associates						(186,625)					(186,625)
Balances at December 31, 2005	**5,694,600**	**-**	**1,201,051**	**1,656**	**(2,097)**	**452,617**	**122,290**	**14,234,479**	**(1,576,463)**	**1,178,330**	**21,306,463**
Sale of treasury shares			133,862						87,438		221,300
Net income for the period								2,401,325		(86,323)	2,315,001
Cash dividends								(735,955)			(735,955)
Movement of unrealized valuation gains of AFS investments				8,239						(985)	7,254
Share in movement of unrealized valuation gains on AFS investments of associates							(640,395)				(640,395)
Movement of cumulative translation adjustments					(641)					(2,083)	(2,724)
Share in movement of cumulative translation adjustment of associates						(182,312)					(182,312)
Balances at September 30, 2006	**5,694,600**	**-**	**1,334,912**	**9,895**	**(2,738)**	**270,305**	**(518,105)**	**15,899,849**	**(1,489,025)**	**1,088,939**	**22,288,632**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE PERIOD ENDED SEPTEMBER 30, 2005

	Attributable to equity holders of the parent									
	Capital Stock Common	**Preferred**	**Additional Paid-in Capita**	**Net Unrealized Gains (Losses) on Noncurrent Marketable Equity Securities and AFS Investments**	**Cumulative Translation Adjustments**	**Share in Cumulative Translation Adjustments of Associates**	**Share in Net Unrealized Gains (Losses) on AFS Investments & Underwriting Accounts of an Associate**	**Retained Earnings**	**Treasury Stock**	**Minority Interests**	**Total**
Balances at December 31, 2004, as restated	**5,694,600**	**186,700**	**2,466,793**	**(1,024)**		**639,242**	**(383,473)**	**12,203,380**	**(1,710,084)**	**1,158,428**	**20,254,562**
Effects of adoption of PAS 39		(186,700)	(1,680,301)					4,072		(24,306)	(1,887,234)
Sale of treasury shares			237,126						87,148		324,274
Net income for the period								2,562,062		18,609	2,580,671
Cash dividends								(596,602)			(596,602)
Movement of unrealized valuation gains of AFS investments				14,393						-	14,393
Share in unrealized valuation gains on AFS investments of associates							-				-
Movement of cumulative translation adjustments					(3,143)					(987)	(4,130)
Share in movement of cumulative translation adjustment of associates						(59,670)					(59,670)
Balances at September 30, 2005	**5,694,600**	**-**	**1,119,253**	**13,369**	**(3,143)**	**579,572**	**(383,473)**	**14,102,714**	**(1,622,936)**	**1,133,768**	**20,633,724**

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30, 2006 AND 2005
(Amounts in Thousands)
(UNAUDITED)

	JAN-SEP/06	RESTATED JAN-SEP/05	JUL-SEP/06	RESTATED JUL-SEP/05
CASH FLOWS FROM OPERATING ACTIVITIES:				
Income before income tax	**2,771,469**	3,039,452	**896,400**	982,156
Adjustments for:				
Share in net earnings of associates	**(1,573,691)**	(1,828,052)	**(641,887)**	(702,748)
Depreciation	**1,318,239**	1,326,283	**474,256**	503,082
Interest income	**(237,274)**	(173,077)	**(89,049)**	(54,115)
Interest expense	**841,469**	769,045	**279,071**	223,175
Franchise tax expense	**35,074**	98,115	**35,074**	33,762
Provision for doubtful accounts	**-**	42,547	**-**	15,591
Provision for decline in value of fixed assets	**160**	-	**48**	-
Provision for retirement benefits	**2,349**	1,182	**779**	395
Unrealized foreign exchange loss	**109,598**	7,195	**116,038**	4,588
Gain on sale of available for sale investments	**(576)**	-	**(408)**	-
Gain on sale of property, plant & equipment	**(44,098)**	(71,113)	**(8,023)**	(299)
Operating income before working capital changes	**3,222,719**	3,211,577	**1,062,299**	1,005,587
Changes in:				
Decrease (increase) in operating current assets	**(735,778)**	(119,370)	**79,868**	673,401
Increase (decrease) in operating current liabilities	**215,562**	674,909	**(409,357)**	393,945
Cash provided by operations	**2,702,503**	3,767,116	**732,810**	2,072,933
Income and final taxes paid	**(385,274)**	(460,581)	**(141,861)**	(97,893)
Interest paid	**(798,585)**	(820,355)	**(61,771)**	(239,184)
Franchise taxes paid	**(35,873)**	(89,882)	**(35,873)**	(30,822)
Net cash provided by operating activities	**1,482,771**	2,396,298	**493,305**	1,705,034
CASH FLOWS FROM INVESTING ACTIVITIES:				
Dividends received	**721,865**	458,161	**173,361**	120,098
Interest received	**222,584**	227,305	**93,079**	56,778
Decrease in investments and advances	**34,138**	54,895	**649**	70,205
Acquisitions of property, plant and equipment - net	**(998,265)**	(1,544,633)	**(328,373)**	(787,953)
Disposals (acquisitions) of available for sale investments	**10,872**	(8,240)	**2,176**	2,310
Cash of newly-acquired subsidiary	**-**	308,750	**-**	-
Decrease (increase) in other assets	**(104,595)**	(124,223)	**(24,817)**	176,578
Net cash used in investing activities	**(113,401)**	(627,985)	**(83,925)**	(361,984)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Payments of loans payable	**(929,331)**	(561,401)	**(364,006)**	(816,403)
Proceeds from (payments of) long-term debt	**361,731**	(1,912,011)	**(206,250)**	(393,451)
Proceeds from issuance of capital stock	**-**	-	**-**	-
Cash dividends paid	**(735,955)**	(596,602)	**-**	-
Decrease in minority interest	**(3,067)**	(43,269)	**(243)**	(7,106)
Re-issuance of treasury shares	**221,299**	87,148	**221,299**	136,024
Net cash used in financing activities	**(1,085,323)**	**(3,026,135)**	**(349,200)**	**(1,080,936)**
Effect of foreign exchange rate changes	**(109,599)**	(7,195)	**(116,039)**	(4,586)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**174,448**	(1,265,017)	**(55,859)**	257,528
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	**4,622,676**	4,567,791	**4,852,983**	**3,045,246**
CASH AND SHORT-TERM INVESTMENTS AT END OF PERIOD	**4,797,124**	3,302,774	**4,797,124**	3,302,774

ABOITIZ EQUITY VENTURES, INC. AND SUBSIDIARIES
FINANCIAL STATEMENT SCHEDULES AND DISCLOSURES
AT SEPTEMBER 30, 2006 AND DECEMBER 31, 2005
(peso amounts in thousands)

A. INVESTMENTS AND ADVANCES

	% OWNERSHIP 2006	SEP 2006	DEC 2005
		(In Thousands)	
Investments in shares of stock			
At equity			
Acquisition cost:			
Union Bank of the Philippines	42.14%	**4,184,474**	4,184,474
Accuria, Inc.	49.54%	**567,451**	567,451
Western Mindanao Power Corporation	20.00%	**267,370**	267,370
Cebu International Container Terminal, Inc.	20.00%	**240,125**	240,125
Hijos de Escaño, Inc.	46.66%	**856,945**	856,945
San Fernando Electric Light & Power Co., Inc.	43.78%	**180,864**	180,864
Pampanga Energy Ventures, Inc.	42.84%	**209,465**	209,465
Southern Philippines Power Corporation	20.00%	**152,587**	152,587
Visayan Electric Co., Inc.	54.70%	**512,213**	511,220
City Savings Bank	34.38%	**78,818**	78,818
Resort Ville 5 Project	25.00%	**33,750**	33,750
South Western Cement Corporation	20.00%	**28,995**	28,995
PILMICO-Mauri Foods Corporation	50.00%	**26,240**	26,240
Luzon Hydro Corporation	50.00%	**1,048,251**	1,048,251
Cordillera Hydro Corporation	35.00%	**88**	88
New Zealand Lumber Shippers Ltd.	50.00%	**-**	-
Aboitiz Projects TS Corp.	50.00%	**1,888**	1,888
Reefer Van Specialist, Inc.	50.00%	**7,150**	7,150
Refrigerated Transport Services, Inc.	50.00%	**4,600**	4,600
WG&A Jebsen Ship Management, Inc.	50.00%	**400**	400
Hapag-Lloyd Philippines, Inc.	40.00%	**1,800**	1,800
Jade Ocean Shipmanagement, Inc.	15.00%	**3,986**	3,986
JAIB, Inc.	49.00%	**1,884**	1,884
Balance at end of period		**8,409,344**	8,408,351
Accumulated equity in net earnings:			
Balance, beginning of year		**5,312,663**	4,374,638
Equity in net earnings for the year		**1,573,691**	2,155,343
Accumulated equity in net earnings of investments sold		**(14,867)**	(371)
Share in associates' prior period's adjustments charged to Retained Earnings (PAS implementation)			(487,457)
Effect of Transport reorganization			4,259
Cash dividends received		**(721,865)**	(733,749)
Balance, end of period		**6,149,621**	5,312,663
Share in net unrealized gains (losses) on available-for-sale securities & underwriting accounts of an associate		**(518,099)**	122,290
Effect of Transport reorganization		**-**	(1,352)
Share in associates' cumulative translation adjustments		**268,947**	452,617
		14,309,813	14,294,570
Allowance for decline in value		**(28,995)**	(28,995)
Investments, at equity		**14,280,818**	14,265,575
Advances to investees		**218,783**	239,046
		14,499,601	**14,504,621**

B. ACCOUNTS PAYABLE & ACCRUED EXPENSES

Trade	1,945,715
DOSRI	-
Others	2,824,126
TOTAL	**4,769,841**

C. SHORT-TERM LOANS

Name of Creditor	Type of Obligation	Date of Availment	Date of Maturity	Interest Rate	Amount of Availment
Allied Banking Corporation	Working Capital Line	various dates	various dates	various	45,300
Banco de Oro Private Bank	Working Capital Line	various dates	various dates	various	134,666
Bank of the Philippine Islands	Working Capital Line	various dates	various dates	various	56,187
Equitable PCI Bank	Working Capital Line	various dates	various dates	various	10,000
Fokus Bank	Working Capital Line	various dates	various dates	various	68,443
Security Bank & Trust Co.	Working Capital Line	various dates	various dates	various	55,426
TOTAL					**370,022**

D. LONG-TERM LOANS

Name of Creditor	Type of Obligation	Date of Availment	Date of Maturity	Interest Rate	Amount of Availment
AEV PARENT					
Aboitiz Group Foundation, Inc.	Long-term loan	04/01/04	04/01/09	Variable	24,000
Allied Banking Corp.	Long-term loan	11/28/02	09/13/07	Variable	12,222
Ayala Life Assurance, Inc.	Long-term loan	03/02/06	03/02/11	Variable	53,000
Ayala Life Fixed Income Fund, Inc.	Long-term loan	03/02/06	03/02/11	Variable	900,000
Ayala Plans, Inc.	Long-term loan	03/02/06	03/02/11	Variable	37,000
Banco de Oro Universal Bank	Long-term loan	09/13/02	09/13/07	Variable	61,111
Bank of Commerce	Long-term loan	11/28/02	09/13/07	Variable	12,223
Bank of the Philippine Islands	Long-term loan	03/02/06	03/02/11	Variable	1,000,000
Development Bank of the Phils.	Long-term loan	06/07/06	03/02/11	Variable	500,000
Equitable PCIBank	Long-term loan	09/13/02	09/13/07	Variable	61,111
Equitable PCIBank	Long-term loan	11/04/04	11/04/09	Variable	1,000,000
International Exchange Bank	Long-term loan	03/02/06	03/02/11	Variable	200,000
Metropolitan Bank & Trust Corp.	Long-term loan	03/17/03	03/17/08	Variable	250,000
Robinsons Savings Bank	Long-term loan	11/28/02	09/13/07	Variable	12,222
Security Bank & Trust Co.	Long-term loan	09/13/02	09/13/07	Variable	61,111
Universal Malayan Insurance Corp.	Long-term loan	03/02/06	03/02/11	Variable	10,000
SUB-TOTAL					**4,194,000**
APC					
Equitable PCIBank	Long-tern loan	01/28/05	01/28/10	Variable	449,000
Equitable PCIBank	Long-tern loan	10/20/05	10/20/10	Variable	200,000
SUB-TOTAL					**649,000**
CLP					
Union Bank of the Phils.	Long-term loan	09/25/03	09/25/08	Variable	18,770
SUB-TOTAL					**18,770**
DLP					
China Banking Corp.	Long-term loan	10/18/04	10/18/09	Variable	320,000
Union Bank of the Phils.	Long-term loan	12/21/01	12/20/06	Variable	23,077
SUB-TOTAL					**343,077**
PILMICO & SUBSIDIARIES					
Equitable PCIBank	Long-term loan	01/31/03	01/31/08	Variable	75,000

Equitable PCIBank	Long-term loan	12/12/03	12/06/08	Variable	37,500
Metropolitan Bank & Trust Co.	Long-term loan	10/03/05	10/03/12	Variable	150,000
Union Bank of the Phils.	Long-term loan	10/14/02	10/14/07	Variable	96,154
Name of Creditor	**Type of Obligation**	**Date of Availment**	**Date of Maturity**	**Interest Rate**	**Amount of Availment**
Union Bank of the Phils.	Long-term loan	11/12/03	11/06/08	Variable	75,000
SUB-TOTAL					**433,654**
ATSC & SUBSIDIARIES					
Banco de Oro	Long-term loan	07/31/03	07/31/06	Variable	123,077
China Banking Corp.	Long-term loan	02/10/03	02/11/08	Variable	80,000
Citibank, N.A.	Long-term loan	02/10/03	02/11/08	Variable	80,000
China Trust Bank	Long-term loan	various dates	03/29/14	Variable	93,750
Development Bank of the Phils.	Long-term loan	various dates	03/29/14	Variable	328,124
Equitable PCIBank	Long-term loan	02/10/03	02/11/08	Variable	100,000
Equitable PCIBank	Long-term loan	12/16/05	12/16/10	Variable	329,000
Equitable PCIBank	Long-term loan	03/29/04	03/29/14	Variable	421,875
International Exchange Bank	Long-term loan	02/10/03	02/11/08	Variable	40,000
International Exchange Bank	Long-term loan	12/16/05	12/16/10	Variable	126,000
Interpool (Container Lease)	Long-term loan	various dates	various dates	Variable	239,179
Orix Leasing	Long-term loan	02/10/03	02/11/08	Variable	20,000
Metropolitan Bank & Trust Co.	Long-term loan	02/10/03	02/11/08	Variable	60,000
Planters Bank	Long-term loan	various dates	03/29/14	Variable	93,750
Robinsons Savings Bank	Long-term loan	12/16/05	12/16/10	Variable	105,000
Security Bank & Trust Co.	Long-term loan	02/10/03	02/11/08	Variable	60,000
Security Bank & Trust Co.	Long-term loan	12/16/05	12/16/10	Variable	140,000
Vereins UND Bank Germany	Long-term loan	07/16/03	07/16/08	Variable	17,387
SUB-TOTAL					**2,457,142**
SUBIC ENERZONE CORP.					
Development Bank of the Phils.	Long-term loan	various dates	10/10/15	Variable	184,003
SUB-TOTAL					**184,003**
TOTAL					**8,279,646**

E. DEBT SECURITIES

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

F. EARNINGS PER SHARE

Earnings per common share amounts were computed as follows:

	2006	**2005**
a. Net income to common stockholders	**2,401,325**	2,562,062
b. Average number of outstanding shares	**4,928,228,183**	4,843,014,252
c. Earnings per share (a/b)	**0.487**	0.529

G. BUSINESS SEGMENT INFORMATION

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

	Power		Food Manufacturing		Transport Services		Parent Company & Others		Eliminations		Consolidated	
	2006	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005	**2006**	2005
REVENUE	**6,545,732**	6,035,696	**5,502,861**	5,262,998	**8,306,303**	9,083,848	**489,631**	260,578	**-**	-	**20,844,527**	20,643,120
RESULT												
Segment results	**1,105,982**	1,050,093	**561,729**	454,894	**(274,505)**	204,768	**308,858**	69,601	**-**	-	**1,702,063**	1,779,356
Unallocated corporate income (expenses)	**90,727**	92,766	**7,101**	(9,086)	**69,575**	113,168	**(67,493)**	227,740	**-**	(237,126)	**99,911**	187,462
Gross Profit											**1,702,063**	1,779,356
Interest Expense	**(132,332)**	(167,004)	**(34,735)**	(36,395)	**(238,629)**	(261,737)	**(435,773)**	(463,359)	**-**	-	**(841,469)**	(928,495)
Interest Income	**30,129**	11,519	**5,770**	5,446	**15,861**	9,155	**185,514**	146,957	**-**	-	**237,274**	173,077
Share in net income of associates	**696,240**	951,516	**3,282**	2,306	**94**	12,530	**2,395,552**	2,829,024	**(1,521,477)**	(1,967,323)	**1,573,691**	1,828,053
Income taxes	**(352,876)**	(303,286)	**(192,694)**	(105,326)	**54,113**	(46,043)	**34,989**	(4,126)	**-**	-	**(456,468)**	(458,781)
Income for the period											**2,315,001**	2,580,671

H. DISCLOSURES

1. Accounting Policies

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

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

The Jan-Sep 2005 comparative financial statements are restated to retro-actively apply the new/revised accounting standards implemented in 2005 and to comply with the requirement of the Transport Group reorganization. In the 4th quarter of 2005, transport subsidiary ATSC acquired, through a share-swap deal, other transport-related businesses of the Aboitiz Group. This acquisition was accounted for under the pooling-of-interests method, which required the consolidation of the 2004 and 2005 financial data of these newly-acquired subsidiaries into ATSC's restated financial statements for the same periods.

Restatement of Jan-Sep 2005 Net Income

		January - September 2005		
	Notes	Previous GAAP	Effect of Adoption of PFRS and Transport Reorganization	PFRS
REVENUES	a	17,712,623	2,930,497	**20,643,120**
COSTS AND EXPENSES	a	16,100,061	2,763,703	**18,863,764**
GROSS PROFIT		1,612,562	166,794	**1,779,356**
OTHER INCOME (CHARGES)				
Share in net earnings of associates	b & c	1,831,961	(3,908)	**1,828,053**
Interest income		173,077	-	**173,077**
Interest expense	a & d	(763,332)	(165,163)	**(928,495)**
Other income	a	187,340	122	**187,462**
		1,429,046	(168,949)	**1,260,097**
INCOME BEFORE INCOME TAX	a	3,041,607	(2,155)	**3,039,452**
PROVISION FOR INCOME TAX	a	395,234	63,547	**458,781**
NET INCOME		2,646,373	(65,702)	**2,580,671**
ATTRIBUTABLE TO:				
EQUITY HOLDERS OF THE PARENT		2,633,294	(71,231)	**2,562,062**
MINORITY INTERESTS	a	13,079	5,530	**18,609**
		2,646,373	(65,702)	**2,580,671**

Notes:

a. Transport Reorganization - The Jan-Sep 2005 income statement prepared last year did not consider the operating results of the newly-acquired subsidiaries. To comply with the requirement of this reorganization, said income statement has been restated to consolidate the financial data of these new subsidiaries. As a result, the ff. accounts increased - revenues by P2.930 billion, costs and expenses by P2.764 billion, interest expense by P6 million, other income by P0.1 million, share in associates' earnings by P70 million, provision for income tax by P64 million and minority interests by P6 million.

b. PAS 16 (Property, Plant and Equipment) - This new standard requires that depreciation reflects the useful life of the significant components of the assets. Adoption of said standard increased the depreciation expense of the hydro power generating associates as certain plant components were determined to have shorter asset lives than what were previously used. The Jan-Sep 2005 net income of these associates decreased, and AEV's share of their net earnings correspondingly reduced by P46 million.

c. PAS 40 (Investment Property) - The group opted to measure its investment properties at cost. The adoption of this new standard requires that where cost method is used, investment properties, other than land, will be carried at cost less accumulated depreciation. Under the old GAAP, idle depreciable assets were not required to be depreciated. Under the PAS, these assets are now classified as investment properties, and thus, subject to depreciation. Its banking associate, UBP, owns investment properties which now have to be depreciated. As a result, UBP's net income for the first nine months of 2005 decreased due to additional depreciation expense, and AEV's share of its net earnings correspondingly declined by P28 million.

d. PAS 32 (Financial Instruments: Disclosure and Presentation) - This new standard requires financial instruments to be classified as debt or equity in accordance with their substance and not their legal form. The Jan-Sep 2005 AEV financial statements prepared last year still treated its redeemable preferred shares as equity and the preferred dividends paid as a charge to retained earnings. The adoption of this new standard requires the restatement of the Jan-Sep 2005 net income to treat the P159 million preferred cash dividends paid as part of interest expense. As a result, interest expense increased by P159 million.

Effect on the cash flow statement for the period ending September 30, 2005

There are no differences between the cash flow statements prepared under PFRS and under previous GAAP except for the effect of the noncash adjustments.

2. Seasonality of Interim Operations

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

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

3. Material Events and Changes

On February 9, 2006, AEV Board of Directors approved the declaration of cash dividend of P0.15 per share to all stockholders of record as of the close of business hours on February 24, 2006, payable on March 10, 2006. Cash dividends paid on said date amounted to P736 Million, using internally-sourced funds.

In June 2006, UnionBank of the Philippines (UBP) purchased around 98% of the voting shares of The International Exchange Bank (iBank).

In September, 2006, registrant sold a total of 45.719 million of its treasury shares at prices ranging from 5.10 to 5.20 per share. This sale complements its fund raising activities to finance its green-field power projects as well as future participation in the National Power Corporation privatization of power plants, as they become available.

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 since the end of the most recently completed fiscal year, and no other known trends, events or uncertainties that have had or are reasonably expected to have a material favorable or unfavorable impact on revenues or income from continuing operations. 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 other material, non-recurring adjustments made during the period that would require appropriate disclosures. All other adjustments are of a normal recurring nature.

5. Contingencies

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

ABOITIZ EQUITY VENTURES, INC. & SUBSIDIARIES

AGING OF RECEIVABLES

AS OF : SEP 30/2006

	30 Days	60 Days	90 Days	Over 90 Days	Total
A/R - Trade:					
Power Generation/Distribution Customers	492,400	147,005	34,829	136,668	810,902
Food Production Customers	480,934	103,159	11,434	28,465	623,992
Aviation Services Customers	2,561	289	503	0	3,353
Real Estate Lessees	11,630	46	1	82	11,759
Transport Services Customers	661,894	96,886	55,393	585,982	1,400,155
Management Services Customers	84,738	127	101	8,265	93,231
Sub-total - A/R - Trade	**1,734,157**	**347,512**	**102,261**	**759,462**	**2,943,392**
Less : Allowance for Doubful Accounts					**355,333**
Net Trade Receivables					**2,588,059**
A/R - Non Trade	**873,463**	**54,060**	**16,840**	**233,341**	**1,177,704**
Grand Total	**2,607,620**	**401,572**	**119,101**	**992,803**	**3,765,763**

ACCOUNTS RECEIVABLE DESCRIPTION

Type of Receivable	Nature / Description	Collection 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