COVER SHEET

A	S	O	9	5	0	0	2	2	8	3

SEC Registration Number

DMCI HOLDINGS, INC.

(Company's Full Name)

3RD FLR. DACON BLDG. 2281
PASONG TAMO EXT. MAKATI CITY

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

HERBERT M. CONSUNJI
Contact Person

888-3000
Company Telephone Number

(Last Wednesday of July)

1	2

Month

3	1

Day

Fiscal Year

SEC Form 17-Q
First Quarter Interim Report 2010

FORM TYPE

0	7

Month

3	0

Day

Annual Meeting

N.A.
Secondary License Type, If Applicable

C	F	D

Dept Requiring this Doc

Amended Articles Number / Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

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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 quarter ended **March 31, 2010**

2. SEC Identification No. AS095-002283 3. BIR Tax Identification No. 004-703-376

4. DMCI Holdings, Inc.
Exact name of issuer as specified in its charter

5. Philippines
Province, Country or other jurisdiction of incorporation or organization

6. (SEC Use Only)
Industry Classification Code:

7. 3rd Floor, Dacon Building, 2281 Pasong Tamo Ext., Makati city 1231
Address of principal office Postal Code

8. Tel. (632) 888-3000 Fax (632) 816-7362
Issuer's telephone number, including area code

9. Not applicable
Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	No. of Shares Outstanding	Amount
Common Shares	2,655,494,000	Php2,655,494,000.00
Preferred Shares	4,380	4,380.00
TOTAL	2,655,498,380	Php2,655,498,380.00

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

Yes [X] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange Class “A” Shares
Preferred Shares

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.

The Financial Statements for the quarter and period ended **March 31, 2010** are contained herein.

MANAGEMENT DISCUSSION AND ANALYSIS OF RESULTS OF CONSOLIDATED OPERATIONS AND CONSOLIDATED FINANCIAL CONDITION FOR THE QUARTER AND PERIOD ENDED MARCH 31, 2010.

<u>1Q 2009 – 1Q 2010</u>

I. RESULTS OF OPERATIONS

DMCI Holdings, Inc. (the "Company") reported a jump of 81% in its first quarter consolidated net income from P775 million in 2009 to P1.4 billion in 2010. Significant growth in the construction and mining business along with the maintained results in the real estate segment and the water investment all contributed to the impressive bottom line.

Below is a table on the 1st quarter net income contributions of the Company's businesses for 2010 and 2009:

(amount in Php millions)	**Q1 2010**		**Q1 2009**	
Construction	500	36%	145	19%
Mining	318	23%	163	21%
Real Estate	166	12%	134	17%
Water	391	28%	337	43%
Power	32	2%	(3)	0%
Parent & Others	(1)	0%	(1)	0%
Total	**1,406**	**100%**	**775**	**100%**

For the period, the construction was the main driver of growth for the Company due to the revenues recognized from works on the new big ticket projects. Also, the mining business, particularly coal mining, doubled contributions as coal deliveries to both exports and domestic customers picked up. Water and real estate registered marginal but respectable improvements as well.

WATER

The Company's investment in the water sector is recognized through a consortium with Metro Pacific Investments Corp. (MPIC) and operated through the water utility for the west portion of Metro Manila: Maynilad Water Services, Inc. (Maynilad). Despite a spike in operations, first quarter net contributions from the water business reported a sustained amount of P391 million in 2010 compared to P337 million in 2009, due much to the consortium adjustments recognized which extraordinarily increased 2009 1st quarter income.

Below is the breakdown of the consolidated 1st quarter operating results of the water investments of the Company:

(in Php millions)	Q1 2010		Q1 2009	
	Consortium	**DMCI share**	**Consortium**	**DMCI share**
Operating Net Income (Maynilad Net Income)	1,068		582	
Less: Minority	62		47	
Operating Net Income after Minority	1,006	**449**	535	**239**
Less: Consoritum Items				
Fair Value/ Goodwill	58	**26**	293	**131**
Forex Losses (Gain)	13	**6**	(11)	**(5)**
Maynilad SBLC Forex Gains		**-**	(266)	**(119)**
Change in Amortization of Assets		**-**	(237)	**(106)**
Minority Adjustments	59	**26**		**-**
Subtotal	130	58	(221)	(99)
Net Income (Loss)	876	391	756	337

Water operating efficiencies continued to improve as Maynilad reported a 83.7% increase in first quarter net income from P582 million in 2009 to P1.068 billion in 2010, of which DMCI's beneficial share is P239 million and P449 million respectively. Billed volume was up 11.6%, despite a slight dip in water supply. Year to date non-revenue water (NRW) slid by 7.4% from 61.6 last year's to 57% this year. Billed services also grew 8% to 831,578 accounts, when compared to the billed volume increase, indicates a slight improvement in consumption. As a result, Maynilad water service revenues were up by P648 million, a 36.7% increase from last year. Non-cash opex showed a 15% reduction coming mainly from the reduced amortization of concession assets which despite capital expenditures shrank due to the extension of Maynilad's concession period. Cash opex, on the other hand, reported a 10% growth due to the following: (a) higher electricity rates and consumption, (b) increase in cost of outsourced activities, and (c) growth in real estate tax from increase in properties acquired in line with higher asset levels from capex programs.

Although dampened by the extra ordinary items, the certain and inevitable growth at the Maynilad operating level is providing the Company confidence that its water investment will soon become not just an equity income contributor but also a cash generating segment.

CONSTRUCTION

The construction business more than tripled its net contributions for the period from P145 million last year to P500 million this year. General construction and engineering works from local buildings and domestic infrastructure projects coupled by foreign steel fabrication contracts boosted the operational results from construction sector.

General Construction

The general construction unit, operated under wholly-owned and flagship construction company, D.M. Consunji, Inc. (DMCI), registered quarter net contributions of P390 million, improving 3 times from the P130 million last year as construction and engineering works from the new big ticket projects were essentially started in the 2nd half of 2009.

The onset of the newly awarded major contracts (worth P16 billion) caused the massive 285% increase in DMCI construction revenues from P978 million to P2.787 billion this year. Building construction revenues this period amounted to P579 million compared to P411 million of last year, but now accounted for only 21% of total general construction revenues from 42% the previous year. Below is a table on notable DMCI building contract amounts and recognized revenues for the first quarter of 2010:

(in Php millions)

Building Projects	Contract	Revenues
Raffles/Fairmont	4,494	324
168 Residences	3,096	188
Moldex Grand Towers	682	57
Total	**8,272**	**569**

Infrastructure development, now a driving force for the country's economic growth was evident as DMCI infrastructure revenues totaled P1.7 billion for the period accounting for 61% of general construction revenues, a major jump from the 48% registered on the same period last year. A breakdown of the major infrastructure projects contract amounts and period revenues for the period is illustrated below:

(in Php millions)

Infra Projects	Contract	Revenues
Skyway	7,186	1,163
LRT1	1,078	50
Maynilad	3,183	498
Total	**11,447**	**1,711**

Contributions from the other independent construction units such as external electrical works, equipment management (sales and rentals), ready-mix concrete sales (external), and manpower supply were also helpful in providing contributions to the general construction business.

General and administrative expenses for DMCI were higher due mainly to the increased construction activity. Regardless, the Company is still consistent with its cost savings guidance despite expectations that overhead is expected shoot up due to the requirements from the newly awarded contracts.

With the current infrastructure development programs, the Company, thru DMCI, is well positioned to be a driver and a beneficiary of the infrastructure progress.

<u>Steel Fabrication and Assembly</u>

The Company's steel fabrication business is reported thru its 98% owned steel fabrication company, Atlantic Gulf and Pacific Company of Manila, Inc. (AG&P). AG&P is the oldest construction company in the country with countless projects spanning over 100 years.

AG&P reported a remarkable growth of 7.3 times in first quarter net contributions from P15 million in 2009 to P110 million in 2010. New projects, namely the BP Whiting – Coker project, accounted for P411 million of period revenues and significantly provided the much push in the top line. Overseas manpower services, although slightly lower, continued to contribute significant revenues to AG&P.

Early in 2008, the Company was looking to sell AG&P but due credit crunch suffered in the same year the sale did not materialize. As a result, the Company has decided to financially support AG&P early in 2009 with the hopes to renew and improve its business to become a fully contributing subsidiary and improve its value. As of now, the Company is still open to offers to purchase AG&P.

Nonetheless, the Company is confident that aside from its current orderbook of mostly offshore oil and gas related contracts, AG&P's competence in steel fabrication can be a strategic auxiliary competence alongside its general contracting capacity, in benefiting from the current infrastructure progress.

REAL ESTATE

The Company's real estate business is focused purely on residential development. It is led by the Company's wholly owned real estate development subsidiary, DMCI Project Developers, Inc. (PDI). Under the brand name DMCI Homes, PDI has developed and sold middle income housing units that define best in quality-value for money units.

As a background, the Company recognizes real estate revenues using the full accrual method, where sales are booked when the unit is fully complete and the down payment of 20% is already collected. This method is in accordance with International Accounting Standards, and supposedly there was a plan to adopt this in the Philippines in 2008 but was subsequently suspended by the SEC after majority of the real estate companies lobbied against it. Despite this, the full accrual method has been and is still used by the Company.

The housing segment recognized a 24% increase in net contributions for the period from P134 million last year to P166 million this year despite a 31% drop in realized revenues. Realize housing sales for the period was relatively low at P752 million from P1.09 billion last year. Below is a table on the sales per project of the housing business:

	AMOUNT (PHP)		**UNITS**			
			2010		**2009**	
	2010	**2009**	**UNITS**	**PARKING**	**UNITS**	**PARKING**
Alta Vista De Boracay	2,929,714	9,389,671	1		11	
Cypress Towers	44,062,276	52,193,271	22	7	21	
Dansalan Gardens Condo	20,105,397	91,364,737	9	10	31	
East Raya Gardens	50,124,072	-	19	7		
Magnolia Place	40,946,435	-	15	7		
Mahogany Place	14,398,865	12,340,157	7		4	
Ohana Place Residences	33,580,795	-	12	9		
Raya Gardens Condo	21,228,519	218,042,587	8	9	102	
Riverfront Residences	22,344,293	325,275,611	7	13	147	
Rosewood Pointe Homes	83,432,210	42,129,186	29	17	17	
Royal Palm Residences	254,292,910	-	78	67		
The Manors Celebrity Place	3,843,000	47,688,946	1		12	
Tivoli Gardens Residences	134,577,619	222,560,363	40	88	87	
Bonifacio Heights Condominium	2,931,000	36,147,919	2	4	22	15
Lakeview Manors	2,912,787	1,527,324	1	6	1	
Mayfield Park Residences	9,967,071	23,427,774	4	6	11	3
Villa Allegre Homes	2,305,175	3,744,137	1		3	
Vista de Lago Condominium	8,273,099	2,167,350	3	8	1	1
Adjustments & Others	(279,734)	935,631	(1)	2	8	-
	751,975,501	**1,088,934,665**	258	260	478	19

Sales from new projects: East Raya, Magnolia Place, Ohana and Royal Palm all contributed to maintain respectable quarter revenues but it is the cost estimate adjustments coupled by higher priced projects (Royal Palm, Tivoli, Riverfront, Magnolia Place, East Raya) that helped boost gross margins improving income despite the drop in top line.

A better representative of current demand would be sales and reservations for the period which experienced a growth of 46% from P2.6 billion in 2009 to P3.8 billion in 2010. This shows that there is sustained and even growing demand for DMCI housing units coming from existing and new projects like Cedar Creek (Rosewood 3) and The Redwoods, which both provided significant sales and reservations for the period.

Housing interest income for the period spiked exponentially from P33 million in 2009 to P182 million in 2010, causing mainly the jump in net income despite the slide in housing recognized revenues. This indicates the growth in in-house financing buyers. The growth in the recognition of interest income also comes from the efforts of PDI to fully assign its receivables to local financial institutions effectively reducing its full interest spread (of around 9%) but getting cash upfront from the receivables.

Operating expenses in the real estate segment were higher by 36% due to:

- Increase in selling and marketing activities such as commissions, sales incentives, marketing tools, ads, etc.
- Increase in local taxes, an offshoot of 2008 increased revenues
- Real estate taxes on unsold and not yet turned over inventory
- Increase in utilities

Note that most of the Company's housing units have a selling price below P2.5 million per unit and as such has been registered with the Board of Investments (BOI) as part of their affordable housing investments that provide income tax holiday. With this the Company's housing segment enjoys income tax holidays for most of its revenues.

MINING & POWER

Coal Mining & Power (Calaca)

The Company's coal mining business and its major power generating asset (Calaca) are both lodged under 58.8%-owned and publicly listed Semirara Mining Corp (SMC). SMC reported an improvement in first quarter operating results from a net income of P298 million in 2009 to P594 million in 2010 providing an 80% growth in net contribution from P173 million to P312 respectively. This was mainly due to growth in coal deliveries, specifically coal exports, and the first time inclusion of the Calaca power generation business (100% owned by SMC) and reported a P63 million net income for the period.

Below is SMC's management discussion and analysis of results of operations and financial condition for the period ending and as of March 31, 2010 as lifted from its first quarter financial report with the PSE and SEC:

Management Discussion & Analysis of Semirara Mining Corporation
For the period March 31, 2010

2010 FIRST QUARTER OPERATION

Towards the end of 2009, the Company negotiated to buy new mining equipment worth USD32.25 million. These included three units 16-tonner excavators, 25 units 100-tonner dumtrucks, support equipment and spare parts and accessories. These equipment started arriving at the site in November 2009 until the first quarter of this year.

With these new mining equipment, mining capacity was further augmented, such that total material excavation posted a new record of 19,447,774 bank cubic meters (bcm) in the current period. With a strip ratio of 9.8:1, run-of-mine (ROM) coal produced was 1,849,130 metric tons (MTs), comprised of 1,449,400 MTs of clean coal and 399,730 MTs of washable coal. Net product coal produced during the quarter totaled to 1,672,346 MTs.

Meanwhile, exploratory drilling activities beyond the ultimate pit limit of Panian mine are ongoing during the period.

Also, construction activities to complete another loading facility is on-going. This project is a necessary logistic support for the increasing mining capacity and growing demand for Semirara coal.

Demand for Semirara coal remained strong during the quarter, such that sales also marked another historical high of 2,007,530 MTs. Ending coal inventory closed at 413,372 MTs.

2010 FIRST QUARTER FINANCIAL CONDITION

On 2 December 2009, the Company acquired its single biggest user of coal, the 2 x 300 MW power plants in Calaca, Batangas (the Power Plant). Although rehabilitation works still need to be done to maximize the Company's return of its investments, the Power Plant already contributed positively to the the Company's financial position during the quarter.

The core business of the Company generated Coal Sales of PHP3.60 billion, while the Power Plant recorded Energy Sales of PHP2.49 billion during the quarter, thus resulting to consolidated Revenues of PHP6.09 billion. Meanwhile, The Company and the Power Plant recorded Cost of Sales of PHP2.41 billion and PHP1.83 billion, respectively, consolidating to PHP4.25 billion. Consolidated Gross Profit amounted to PHP1.85 billion, PHP2.41 billion was generated by the coal business while PHP1.83 billion was generated by the Power Plant.

The Company incurred Operating Expenses of PHP634.39 million, inclusive of provision for Government Share of PHP582.31 million. On the other hand, the Power Plant recorded Operating Expenses of PHP394.02 million. Consolidated Operating Expenses totaled to PHP1.03 billion.

In Q1, the Company recognized Interest Expenses amounting to PHP63.98 million for loans availed both for its operations and for the acquision of the Power Plant. Meanwhile, the Power Plant incurred PHP139.26 million Interest Expenses mainly for bridge loans for the pre-payment of the more expensive loan from the Power Sector Assets and Liabilities Management Corporation (PSALM) for the deferred balance of the acquisition cost of the assets. Consolidated Interest Expenses totaled to PHP202.24 million.

On the other hand, the Company and the Power Plant recorded Interest Income for short-term placements amounting to PHP785.45 thousand and PHP253.28 thousand, respectively. Consolidated Interest Income was at PHP1.04 million.

The continued strengthening of the PHP against the USD proved beneficial for the Company during the quarter as foreign loans which were availed of when the USD was stronger were partially settled when it was weaker. Hence, the Company recognized Forex Gains of PHP47.29 million. On the other hand, the Power Plant, recorded Forex Losses of PHP36.20 million. This was primarily attributable to the partial pre-payment of the PSALM loan amounting to USD 100 million in January when the exchange rate was at USD1:PHP46.7, while the exchange rate as at the end of 2009 was lower at USD1:PHP46.2.

Meanwhile, the Company recognized Equity in Net Income of Associates amounting to PHP0.61 million from its investments in power and nickel mining.

The Company incurred Other Expenses of PHP11.27 million, while the Power plant generated Other Income of PHP2.94 billion, reflecting consolidated Other Expenses of PHP8.33 million.

Income Before Tax at consolidated level was PHP620.96 million, PHP530.56 and PHP90.41 million was respectively contributed by the Company and the Power Plant.

Since the Company enjoys an Income Tax Holiday as a Bureau of Investments-registered company, no provision for Income Tax during the quarter was made. On the Other hand, the Power Plant recorded a deferred Income Tax provision amounting to PHP27.12 million.

The resulting Income After Tax generated by the Company was PHP530.56 million, while the Power Plant generated PHP63.29 million. At consolidated level, Net Income After Tax for the period was at PHP593.84 million.

At consolidated level Current Assets, closed at PHP6.70 billion, the Company accounted for PHP3.64 billion, while the Power Plant at P3.06 billion. This posted a 20% growth from the account's beginning balance of PHP5.58 billion.

Cash and Cash Equivalents increased by 124% from PHP 481.92 million to PHP1.08 billion, PHP491.43 million was generated by the Company while PHP586.11 million came from the Power Plant. Both the Company and the Power Plant started to accumulate cash from healthy sales during the period.

Robust sales during the period likewise increased consolidated Net Receivables by 94% from beginning balance of PHP1.25 billion to PHP2.43 billion, PHP859.87 of which represented the Receivables of the Company while the Power Plant accounted for the remaining PHP1.57 billion. This is the main contributor to the growth in Current Assets.

On the other hand, consolidated Net Inventories dropped by 24% from beginning balance of PHP3.09 billion to PHP2.36 billion. The Company's Inventory level closed at PHP1.47 billion, while the Power Plant's ending balance was at PHP883.98 million.

Consolidated Other Current Assets posted a 31% reduction from PHP759.89 million to PHP521.75 million. The bulk of this was contributed by the Company amounting to PHP818.40 consisting mainly of security deposits from operating leases, advances to suppliers, claim from BIR on erroneously withheld output VAT by NPC, while the the output VAT of P311.11 milion of the Power Plant was offset to the mining company's claim of erroneously withheld Output VAT ounting to P150.12 million plus other current assets of the Power Plant amounting to PHP14.47 million..

Consolidated Non-Current Assets also posted a slight 3% growth from PHP18.25 billion as at the start of the year to ending balance of PHP18.71 billion. The bulk of this came from at the group's Property Plant and Equipment (PPE) account which also increase by 3% from beginning balance of PHP17.82 billion, closing at PHP18.30 billion. This is mainly comprised by the value of the PPE, net of depreciation for the quarter, of the newly acquired Power Plant amounting to PHP15.40 billion. The PPE of the Company closed at PHP2.89 billion with the additional acquisition of mining equipment during the quarter of P1.06 billion.

The Company's Investments and Advances slightly increased from PHP244.43 million as at the start of the year to PHP245.05 million. This minimal increase is explained by the additional investment made to DMCI Power Corp.

Meanwhile, Consolidated Other Non-Current Assets posted an 8% drop from beginning balance of PHP 184.01 million to PHP169.51 million. Other Non-Current Assets of the Company closed at PHP25.47 million, while the Power Plant's amounted to PHP144.04 million as at the end of the period.

With the movements of the foregoing accounts, consolidated Total Assets stood at PHP25.11 billion, 7% more than the beginning balance of PHP23.83 billion. The Company's Total Assets closed at PHP6.81 billion, while the Power Plant recorded an ending balance of PHP15.55 billion.

Similarly, Consolidated Total Liabilities also increased by 7% from PHP13.98 billion as at the start of the year, closing at PHP14.66 billion as at the end of the quarter. The Company's Total Liabilities closed at PHP10.56 billion, while the Power Plant's ending balance was at PHP4.11 billion.

Total Current Liabilities posted a significant increase of 144% from beginning balance of PHP5.52 billion to PHP13.13 billion as at the end of the period, the Company accounted for PHP9.07 billion, while the Power Plant closed with PHP4.07 billion. This is explained by availment of short-term bridge loans both by the Company and the Power Plant to pre-pay the more expensive PSALM loan. The loan will be taken out by a project financing facility which will be participated by three banks. While the lenders arrange and process the facility, they provided bridge financing to both the Company and the Power Plant to cut down interest expenses. This is reflected in the increase in Current Portion of Long-Term Debt by 329% from PHP1.87 billion beginning balance to PHP13.45 billion as at the end of the period. The Company and the Power Plant accounted for PHP4.85 billion and PHP3.15 billion, respectively.

Meanwhile, the 49% increase of the Trade and Other Payables account from PHP2.86 billion to PHP5.14 billion is primarily attributed to the advances made by affiliate companies to complete the pre-payment of the PSALM debt. Also, the Power Plant accrued real property taxes payable for the newly acquired assets. Of the ending balance, the Company accounted for PHP4.21 billion while the Power Plant at PHP1.23 billion.

On the other hand, Total-Non Current Liabilities dropped by 82% from beginning balance of PHP8.46 billion to PHP1.53 billion. This is mainly explained by the continuous amortization of Long-Term debts by the Company which is clearly reflected in the huge drop of the Long-Term Debt – net of current portion account by 83% from PHP8.36 billion beginning balance to PHP1.43 billion closing balance. The Power Plant has no long-term debts as at the end of the quarter since the PSALM debt was already fully pre-paid on March 5, 2010.

Pension Liability also posted a 5% increase from beginning balance of PHP12.94 million to PHP13.63 million closing balance due to additional provision during the quarter. Likewise, the Power Plant has not recognized any Pension Liability as of this time.

The Company's Provision for Decommissioning and Site Rehabilitation remained the same at PHP14.77 million.

Likewise, consolidated Deferred Tax Liabilities remains at PHP72.06 million as the group has not recognized additional deferred tax liabilities during the quarter, of which, the Company accounted for PHP35.91 million, while the Power Plant's deferred tax liabilities stood at PHP36.15 million.

The quarter's consolidated Net Income After Tax of PHP593.84 million beefed up consolidated Total Stockholders' Equity which closed at PHP10.44 billion from PHP9.85 billion, reflecting a growth of 6%.

2010 COMPARATIVE REPORT

I. PRODUCTION

The increase in mining capacity brought about by the acquisition of new mining equipment was reflected by the 20% growth in Total Material movement in the current quarter at 19,447,774 bcm as compared to Q1 2009 material movement of 16,205,095 bcm.

Meanwhile, with the strong demand for Semirara coal during the period more coal was produced to balance demand vis-à-vis extensive stripping activities which were permitted by the additional capacities. As a result, strip ratio is lower this period at 9.8:1 compared to 18.13:1 in Q1 2009. Consequently, ROM coal production is 121% more this period at 1,849,130 MTs as against 834,893 MTs in Q1 2009. Net product coal likewise increased by 116% at 1,689,238 MTs this quarter as against 780,340 MTs in the same period last year.

Ending inventory also posted an increase of 198% at 413,373 MTs this period compared to 138,743 MTs in Q1 2009.

II. MARKETING

Demand for Semirara coal continued to soar as revealed in the 86% increase in sales this period at 2,003,473 MTs compared to Q1 2009 sales of 1,078,343 MTs.

The main growth driver is export sales which increased by 185% from 443,100 MTs in Q1 2009 to 1,262,884 MTs this year. Most of the volume went to China at around 1.0 millon metric tons, while the rest were distributed to Thailand, Taiwan, and Hong Kong. Consequently, the market share of export sales went up from 41% in Q1 2009 to 63% in the current quarter.

Likewise, sales to cement plants increased by 35% from 148,777 MTs in Q1 2009 to 201,481 MTs this period. All cement plant customers of the Company increased their purchases this quarter.

Sales to other industries also reflected a sizeable growth of 107% from 62,033 MTs in Q1 2009 to 124,309 MTs in the current period. This is due to the increased purchases of a local trader who found a niche in reselling to small industrial coal users.

On the other hand, sales to the power industry showed a minimal drop of 2% from 424,433 MTs last year to 414,799 MTs in the current period. This is mainly caused by the decrease in the off-take of the newly acquired Power Plant as rehabilitation works to improve the plants' capacities already started.

Composite average FOB price per MT decreased by 28% from PHP2,976 in Q1 2009 to PHP2,142 this quarter. With the acquisition of the Power Plant, the Company has amended its Coal Supply Contract, specifically the pricing mechanism, such that selling price to the Power Plant reflects the actual market price and not anymore set at import parity.

B. <u>Solvency and Liquidity</u>

The Company's cash flow in the current period is significantly boosted with the contribution of its investment in the Power Plant.

On a consolidated level, Net Cash Provided by Operations during the current quarter amounted to PHP2.68 billion. This is 128% higher than Q1 2009 level of PHP1.18 billion. This is primarily due to higher consolidated Operating Income Before Working Capital Changes as both the Company

and the Power Plant reflected healthy results in the current period. Huge Receivables of the Power Plant explained the increase in Receivables to PHP1.19 billion from beginning balance. Meanwhile, Trade and Other Payables reflected a significant increase after accruing for the advances made by affiliates to the Company and real estate tax payables of the Power Plant.

Additions to PPE, particularly in the parent level when in invested in new mining equipment for capacity expansion, mainly comprised Cashflows Used in Investing Activities. Notably, the net consolidated amount of PHP840.89 million is significantly lower than Q1 2008 level of PHP1.81 billion since more mining equipment were acquired and paid last year.

Although partially offset by availment of bridge loans, both the Company and the Power Plant used up substantial amount of cash for the pre-payment of PSALM debt. During the period, consolidated Cashflows Used in Financing activities amounted to PHP1.24 billion. On the other hand, in Q1 2009, the Company generated cash from its financing activities from availments of short-term debts and from proceeds of sale and leaseback transactions.

***Despite the sizeable cash outflows both for investing and financing activities, consolidated cash generation during the period amounted to PHP595.62 million, thus resulting to a consolidated Cash End of PHP1.08 billion. This is 24% more than Q1 2009 Cash End of P871.03 million.
With the availment of bridge loans while the project financing for the 60% acquisition cost of the Power Plant is arranged, Current Ratio as at the end of the quarter dropped to 0.50x as compared to Q1 2009 level of 1.09x. Meanwhile, Debt-to-Equity ratio increased from 0.91:1 in Q1 2009 to 1.43:1 as at the end of the current period.***

IV. PERFORMANCE INDICATORS:

1. ***<u>Average Selling Price</u> – With the acquisition of the Power Plant, the Coal Supply Agreement was amended, such that FOB selling price is not anymore set at import parity, but at market price. As a result, the composite FOB price of Semirara coal during the period is now reflective of actual market price of coal. Despite the decrease of the composite average price in the current period as compared to last year, the Company still enjoyed comfortable profit margins. Moving forward, this development will help the Company in implementing realistic pricing strategies.***

2. ***<u>Debt-to-Equity Ratio</u> – Although the Company's Debt-to-Equity Ratio deteriorated with the availment of debts to finance the acquisition of the Power Plant, the management is however positive that this deterioration in the ratio is just temporary. Despite the fact that the Power Plant is still to undergo major rehabilitation works, it is already contributing positively to the Company's Q1 results.***

3. ***<u>Business Expansion</u> – The Company continuously aims for growth and development. In order to achieve this, operations must take each opportunity to expand. The aggressive capacity expansion program launched by the Company is a well calculated risk that offers promising improvement of total stakeholders' value especially with the acquisition of a coal fired power plant which is a forward integration of the core business of coal mining..***

4. ***<u>Expanded Market</u> – The growing sales of Semirara coal over the past few years is a clear testament to the success of the Company's marketing efforts. The expansion of its markets, especially to the export markets, drive the Company's sustainable growth.***

5. ***<u>Improved coal quality</u> – One of the biggest challenges that the Company is confronted with is to successfully market coal that is naturally of lower quality. However, with its persistent efforts to maximize the quality of its product, overcoming inherent limitations, Semirara coal ultimately became acceptable to a wide range of coal users.***

Power - Calaca

The Company's significant venture into the power sector through the acquisition the 600MW (2 x 300MW) Calaca Coal Fired Power Plant (Calaca) is booked under Sem-Calaca Power Corp. (SCPC), a 100% owned power subsidiary of SMC. For the period, SCPC reported income of P63 million, of which contributed 32 million to consolidated operations of Company (including other power interests).

At time of acquisition (Dec 2009), the current capacity of the plant averages at around 320-340MW for the 2 plants, or 53-56% of nominal capacity. Moreover, the condition of the 2 plants was not ideal that down times were a regularly occurrence. For the period, Calaca experienced 12 days of no plants running, 40 days of 1 plant running, and 38 days of both plants running. Under these difficult conditions, Calaca was still able to generate significant business as first quarter revenues amounted to P2.5 billion. Calaca was able to produce 513 GWh (gigawatt-hours) of electricity of which 465 GWh were actual plant generation and 48 GWh were purchase in the electricity spot market. Out of total production, 352 GWh were sold to TSC or contracted customers, 117 GWh were sold in the electricity spot market, and 34 GWh were used for in-house station requirements. Average selling prices for the TSC sales hovered at P5/kWh for the period while spot sales started at P3/kWh in January then jumped to P8/kWh in February and P7.4 in March.

Major rehabilitation work is required to improve Calaca to reach its full 600MW capacity and operate with minimal down time. These major rehab works is scheduled towards the end of the 2nd quarter of the year (or when the rainy season starts) due mainly to lead time for the required parts and equipment to arrive (around 4-6 months lead time). Despite the delay in ordering the special parts and equipment, it is very opportunistic to run Calaca even at these efficiency levels to benefit from the current high spot market prices driven by the current dry season that's causing a lot of demand from the higher costing power producers since the hydro electric power plants have no water source. If the schedule of rainy season comes as expected towards the start of the 2nd half, the demand for non-hydro power plants will be lessened and spot prices are expected to come down.

Nickel

The Company's venture into nickel mining was revived in 2010 when a mining contract with Benguet Mining was finalized early this year. DMCI Mining, Corp., the Company's nickel and non-coal based mining company, set out to mine and market relatively high concentration nickel ore (1.8%-2% nickel content) at the Benguet mine in Zambales. This has proved a good venture as first quarter operations led to P7.4 million net income with contributions amounting P5.9 million this year to the Company compared to P12.6 million loss for a negative contribution of P9.8 million last year.

Evident of the Company's competence in mining and having the only reliable port at the area, DMCI Mining has quickly taken the opportunity to mine and sell nickel and once again prove resilient to the commodities market situation

II. FINANCIAL CONDITION

2009 - 2010

(In Php Thousands)	**March 31, 2010**	**%**	**AUDITED 2009**	**%**	**Variance Amount**	**%**
Cash and cash equivalents	4,035,204	6%	3,262,290	6%	772,914	24%
Receivables (current & non-current) - net	10,723,641	22%	7,599,614	18%	3,124,027	41%
Inventories - net	10,867,968	17%	10,660,129	18%	207,839	2%
Investments in associates - net	8,123,900	13%	6,785,788	12%	1,338,112	20%
Investment properties - net	3,076,828	5%	2,578,233	4%	498,595	19%
Property, Plant and Equipment - net	22,505,500	36%	21,969,886	38%	535,614	2%
Accounts and other payables	11,886,439	19%	8,141,460	14%	3,744,979	46%
Customers' deposits	4,238,902	7%	4,095,906	7%	142,996	3%
Long-Term Debt	17,100,008	21%	18,124,283	24%	(1,024,275)	(6)%

The Company's financial condition for the period improved as net assets slightly increased by 9%.

Cash growth is derived mainly from the operations of the different business with the increase significantly from the full operations of the power generation business.

Total receivables (current and non-current) went up by 41% due mainly to new sales in all businesses with the significant growth coming from power sector.

Consolidated inventories reported a marginal 2% increase as coal and real estate inventories along with construction materials stock piling was maintained.

Investments were up as a result of the Company's share in net operations of the water business and other unconsolidated equity investments.

Investment properties significantly increased by 19% due to new property acquisitions at the real estate business that are yet to be classified as inventory. Once development plans have been finalized, these properties will be reclassified into real estate inventory.

Property plant & equipment didn't move significantly.

Accounts & other payables increased as a result of trade operations, deferred revenues and accruals more evident in the current boom seen in the construction sector. Most of these trade payables are payables to suppliers.

Customer's deposits were maintained and didn't move much.

Long term debt decreased as no new loan facilities were incurred and regular payments were booked.

Current ratio slightly dipped from 1.26 to 0.95 due mainly from reclassification of other assets-current to non-current.

Debt to equity ratio improved to 1.38 from 1.46 as equity position improved from current operating results.

III. KEY PERFORMANCE INDICATORS

The Company and its Subsidiaries (the "Group") has the following as its key performance indicators:

a) Segment Revenues
b) Segment Net Income (after Minority)
c) Earnings Per Share
d) Current Ratio
e) Debt to Equity Ratio

SEGMENT REVENUES

REVENUE

(in Php Thousands)	For the period			
	2010	2009	Variance	%
Construction	3,478,526	1,550,522	1,928,004	124%
Mining	3,812,919	3,268,355	544,564	17%
Water	-	-	-	
Real Estate Development	751,976	1,088,935	(336,959)	(31)%
Power	2,491,077	-	2,491,077	
Parent &Others	32,620	50,618	(17,998)	(36)%
TOTAL	**10,567,118**	**5,958,430**	**4,608,688**	**77%**

The initial indicator of the Company's gross business results are seen in the movements in the different business segment revenues. As illustrated above the significant main drivers for revenue growth are the power and construction sectors (*see Part I. Results of Operations – different segments for a detailed discussion per business)*.

SEGMENT NET INCOME

NET INCOME (after Minority)

(in Php Thousands)	For the period			
	2010	2009	Variance	%
Construction	500,397	145,180	355,217	245%
Mining	318,315	163,354	154,961	95%
Water	390,761	337,064	53,697	16%
Real Estate Development	165,550	133,735	31,815	24%
Power	32,313	(3,060)	35,373	(1,156)%
Parent & Others	(1,259)	(1,274)	15	(1)%
TOTAL	**1,406,077**	**774,999**	**1,406,077**	**181%**

The net income (after minority) or bottom line results from operations of the Company can be seen with the increment in net income for the period compared to the same period of the previous year/s for the different business segments. The current period indicates a strong growth from the construction business with mining also providing significant improvements.

EARNINGS PER SHARE

(amount in Php millions)	**Q1 2010**		**Q1 2009**	
	Net Income	**EPS**	**Net Income**	**EPS**
Construction	500	0.19	145	0.05
Mining	318	0.12	163	0.06
Real Estate	166	0.06	134	0.05
Water	391	0.15	337	0.13
Power	32	0.01	(3)	0.00
Parent & Others	(1)	0.00	(1)	0.00
Total	**1,406**	**0.53**	**775**	**0.29**

The Company's consolidated earnings per share for the period was P0.53/share accounting for an 83% increase over P0.29/share of the same period last year. Same as segment net income, the construction segment provided the biggest chunk in earnings followed by the water investment and then the mining business (*see Part I. Results of Operations – different segments for a detailed discussion per business)*.

CURRENT RATIO

Liquidity is an essential character of any organization, and the Company, including the Group as a whole, should indicate acceptable levels of liquidity. The initial test of liquidity is the current ratio, which will display a company's ability to satisfy current obligations with current resources. Current ratio is arrived by dividing the current assets over the current liabilities. The Company uses this test and compares it with industry balances to determine its ability to satisfy current obligations with respect to its competitors (*see Part II. Financial Condition for a detailed discussion*).

DEBT TO EQUITY RATIO

As a stockholder/investor, financial position and stability would be an important aspect. The Company tests its financial position through the debt to equity ratio. This test indicates the Company's ownership of creditors vs. owners/investors. In addition, debt to equity ratio maintenance is a requirement set by creditors as a standard for extending credit. Debt to equity ratio is computed by dividing the total liabilities over total stockholders equity (*see Part II. Financial Condition for a detailed discussion*).

PART II--OTHER INFORMATION

1. This interim financial report is in compliance with generally accepted accounting principles;
2. The same accounting policies and methods of computation are followed in the interim financial statements as compared with the most recent annual financial statements;
3. The company's operation is a continuous process. It is not dependent on any cycle or season;
4. A cash dividend was declared at the amount of Php 0.20 per common share to be paid on June 30, 2009 to the holders of record of June 5, 2009.
5. There were no subsequent events that have not been reflected in the financial statements for the period that the company have knowledge of;
6. There are no contingent accounts in the balance sheet of the corporation;
7. Except for interest payments on loans, which the Company can fully service, the only commitment that would have a material impact on liquidity are construction guarantees. These are usually required from contractors in case of any damage / destruction to a completed project.
8. Any known trends or any known demands, commitments, events or uncertainties that will result in or that will have a material impact on the registrant's liquidity. **- NONE**
9. The Company recognizes that the continuing slump in the property sector would keep both real estate sales and construction revenues moderate. Nonetheless, the Group's venture into middle-income housing development is expected to significantly contribute to revenues and income.

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 DMCI Holdings, Inc.

Signature and Title **Herbert M. Consunji**
Vice President & Chief Finance Officer

Signature and Title **Aldric G. Borlaza**
Finance Officer

Ma. Luisa C. Austria
Accounting Officer

Date May 14, 2010